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## Legislative Assembly of Ontario

Third Session, 35th Parliament

## Assemblée législative de l'Ontario

Troisième session, 35<sup>e</sup> législature

# Official Report of Debates (Hansard)

Thursday 29 April 1993

# Journal des débats (Hansard)

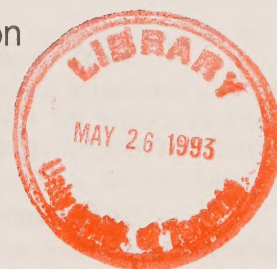
Jeudi 29 avril 1993

Standing committee on  
finance and economic affairs

Comité permanent des finances  
et des affaires économiques

Organization

Organisation



Chair: Paul R. Johnson  
Clerk: Tonia Grannum

Président : Paul R. Johnson  
Greffière : Tonia Grannum





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## STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Thursday 29 April 1993

The committee met at 1008 in committee room 1.

### ELECTION OF CHAIR

**Clerk of the Committee (Ms Tonia Grannum):**

Honourable members, it is my duty to call upon you to elect a Chair, and I'll receive nominations.

**Mr Jim Wiseman (Durham West):** I nominate Paul Johnson.

**Clerk of the Committee:** Are there any further nominations?

**Mr W. Donald Cousens (Markham):** I move nominations be closed.

**Clerk of the Committee:** Okay, there being no further nominations, I declare Mr Johnson active as Chair.

### ELECTION OF VICE-CHAIR

**The Chair (Mr Paul Johnson):** I think it's wonderful to be in the chair and have such a knowledgeable clerk to assist me and, indeed, I have my next direction.

Therefore, I say, honourable members, may I have the names for the election of Vice-Chair?

**Mr Peter North (Elgin):** I nominate Jim Wiseman for Vice-Chair.

**The Chair:** Any further nominations? Consider nominations closed. Congratulations, Mr Wiseman.

**Mr Wiseman:** Thanks to my nominee.

**Mr Gerry Phillips (Scarborough-Agincourt):** We are on three already.

**The Chair:** I plan to run a tight ship and an efficient one as well.

### APPOINTMENT OF SUBCOMMITTEE

**The Chair:** Now we have to select subcommittee members. Is there an official jargon I'm supposed to use for this?

**Clerk of the Committee:** Do we know who will be on the subcommittee?

**Mr Cousens:** I'd like to nominate Mr Gary Carr.

**Mr Phillips:** I think I probably will. Can you nominate yourself in this business?

**Mr Cousens:** I'll nominate Mr Gerry Phillips.

**Mr Paul Klopp (Huron):** A wise choice.

**Mr Wiseman:** I think I'm there now as Vice-Chair.

**The Chair:** I think then that it's clear that Gary Carr and Gerry Phillips, and Jim, you have a motion?

**Mr Wiseman:** I have a motion establishing a subcommittee on business. I move that a subcommittee on committee business be appointed to meet from time to time at the call of the Chair or at the request of any

member thereof to consider and report to the committee on the business of the committee; that substitution be permitted on the subcommittee; that the presence of all members of the subcommittee is necessary to constitute a meeting; and that the subcommittee be composed of the following members: Mr Johnson (Chair), Mr Wiseman, Mr Carr and Mr Phillips.

On this motion, just for clarification from the clerk, I understand that with a motion it could be possible to have subcommittee meetings without all of the members in attendance.

**The Chair:** It's an amendable motion.

**Mr Wiseman:** Then I would move its adoption.

**The Chair:** All those in favour of the motion? Mr Cousens, Mr Phillips, are you in favour of the motion?

**Mr Phillips:** Yes.

**Mr Cousens:** Agreed.

**The Chair:** It's unanimous.

### COMMITTEE BUSINESS

**The Chair:** We've come to agenda item 4 under the organization of the standing committee on finance and economic affairs. I think, for those of us who were on the committee previously, we were dealing with Bill 164, and it is our expectation that we will continue to deal with that. The clerk has a package that she's going to share with all committee members. For those of you who haven't previously been on the committee you might find it an important document to review, and for those who were on the committee previously you too might find it an important document to review for our forthcoming meetings.

If there's no further business, I would entertain a motion to adjourn.

**Mr Wiseman:** Are we adjourning till this afternoon or till next week?

**The Chair:** Till next week.

**Mr Wiseman:** Then I would move.

**Mr Cousens:** Excuse me. Do you know what we're going to do next week, Mr Chair?

**The Chair:** To the best of my knowledge, we're going to be dealing with 164. Maybe I could ask the clerk for more direction with regard to this.

It's all explained in the memorandum, Mr Cousens. We left off with Bill 164 in clause-by-clause and, as you may recall, we weren't advancing expeditiously with regard to that, so I think, as the memo states, we'll be dealing with that further.

**Mr Phillips:** Could the subcommittee meet, Mr



Chairman, just to try and order our business a little bit for us? I think we're just getting back up to speed here.

**The Chair:** Indeed, I think it would be a fair move to have a subcommittee meeting at some point previous to our next full meeting.

**Mr Phillips:** My instincts, just thinking out loud, are to do it early next week, and then each of us would have a chance to chat a bit with our caucuses about it.

**The Chair:** I think that's probably wise. We could do it today, but I don't think any of us would have time to review the package we've had placed before us, so maybe we could have an agreement as to some time next week to meet prior to the next full meeting.

**Mr Phillips:** Probably Tuesdays are good, I think, some time, if we can jam it in. At least, that's my instinct.

**Mr Cousens:** Try for Monday. Then you can do it at caucus for Tuesday.

**Mr Wiseman:** Have the subcommittee meeting on Tuesday. We can deal with this in caucus before that. I assume you have caucus meetings Tuesday mornings as well.

**Mr Phillips:** Yes, we do.

**Mr Cousens:** Do you still have a caucus or are they all breaking up?

**The Chair:** If we could stick to the business of just trying to establish a time we're all agreeable to early in the week.

How about if we adjourn and we can continue this discussion off the record and establish a time when we can meet? This meeting is adjourned until next Thursday morning at 10 o'clock.

The committee adjourned at 1016.











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## STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

**\*Chair / Président:** Johnson, Paul R. (Prince Edward-Lennox-South Hastings/Prince Edward-Lennox-Hastings-Sud ND)

**\*Vice-Chair / Vice-Président:** Wiseman, Jim (Durham West/-Ouest ND)

Caplan, Elinor (Oriole L)

Carr, Gary (Oakville South/-Sud PC)

**\*Cousens, W. Donald** (Markham PC)

Ferguson, Will, (Kitchener ND)

Jamison, Norm (Norfolk ND)

Kwinter, Monte (Wilson Heights L)

Mathysen, Irene (Middlesex ND)

**\*North, Peter** (Elgin ND)

**\*Phillips, Gerry** (Scarborough-Agincourt L)

Sutherland, Kimble (Oxford ND)

**\*In attendance / présents**

### **Substitutions present / Membres remplaçants présents:**

Klopp, Paul (Huron ND) for Mrs Mathysen

Wilson, Gary (Kingston and The Islands/Kingston et Les Îles ND) for Mr Ferguson

**Clerk / Greffière:** Grannum, Tonia

**Staff / Personnel:** Campbell, Elaine, research officer, Legislative Research Service

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Third Session, 35th Parliament

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## Journal des débats (Hansard)

Jeudi 13 mai 1993



**Standing committee on  
finance and economic affairs**

**Comité permanent des finances  
et des affaires économiques**

Insurance Statute Law  
Amendment Act, 1993

Loi de 1993 modifiant les lois  
concernant les assurances

Chair: Paul R. Johnson  
Clerk: Tonia Grannum

Président : Paul R. Johnson  
Greffière : Tonia Grannum





### **Coat of arms**

A new coat of arms appears on the cover of Hansard. Presented to the Legislative Assembly of Ontario by the Governor General on 26 April 1993, it emphasizes the distinctive character of the Assembly and distinguishes the Assembly's identity from that of the government. It was created at this time to mark the bicentennial of the First Parliament of Upper Canada and the centennial of the present Legislative Building. Further information may be obtained by calling 416-325-7500.

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### **Les Armoiries**

Les nouvelles armoiries paraissent sur la couverture du Journal des débats. Présentées à l'Assemblée législative de l'Ontario par le gouverneur général le 26 avril 1993, elles soulignent le caractère distinct de l'Assemblée et mettent en valeur l'identité de l'Assemblée par rapport au gouvernement. Les armoiries ont été créées en ce moment pour marquer le bicentenaire du premier parlement du Haut-Canada et le centenaire du présent Édifice de l'Assemblée législative. De plus amples renseignements sont disponibles en composant le 416-325-7500.

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## STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Thursday 13 May 1993

The committee met at 1008 in committee room 1.

INSURANCE STATUTE LAW  
AMENDMENT ACT, 1993

LOI DE 1993 MODIFIANT LES LOIS  
CONCERNANT LES ASSURANCES

Consideration of Bill 164, An Act to amend the Insurance Act and certain other Acts in respect of Automobile Insurance and other Insurance Matters / Loi modifiant la Loi sur les assurances et certaines autres lois en ce qui concerne l'assurance-automobile et d'autres questions d'assurance.

**The Chair (Mr Paul R. Johnson):** The standing committee on finance and economic affairs is resuming clause-by-clause consideration of Bill 164, An Act to amend the Insurance Act and certain other Acts in respect of Automobile Insurance and other Insurance Matters.

For those who were on the committee previously, and indeed for those who weren't on the committee previously, we last met February 15 to 18 inclusive to deal with clause-by-clause consideration of Bill 164. The last speaker at that time was Mr Tilson. I think a number of things have happened since we were in our clause-by-clause. Certainly, a summary on the Task Force on Rehabilitation and Long-Term Care Benefits has been arrived at. There has been a move by the Minister of Transportation to introduce a graduated licensing system in the province of Ontario.

**Mr Murray J. Elston (Bruce):** No, no, that's not right. He has a consultation paper. There isn't anything out. Listen, the Chair can't go on and do advertising.

**The Chair:** I'm sorry. All right, I respect Mr Elston's comments and I won't advertise any more. But some things have happened since we last met for clause-by-clause.

**Mr Stephen Owens (Scarborough Centre):** Some very positive things, I might add.

**Mr Elston:** Actually, I wouldn't mind, Mr Chair, if the parliamentary assistant wanted to do a run-through of some of the things that have transpired and even brought us up to date if there have been things happening. I think that's probably not the role of the Chair so much as it is the parliamentary assistant's.

**Mr David Tilson (Dufferin-Peel):** One of the concerns that I have—I know you've been duly elected Chairman of this committee; at least I believe you have. I also know that you're parliamentary assistant to Economic Development and Trade. We are now on the verge of continuing on with section 2 of the bill. We have a considerable number of sections to go through;

there have been a number of things happen since this committee last rose.

I have two concerns, Mr Chair, on whether or not it is appropriate that you be the Chair of this specific section, in other words, dealing with auto insurance, for several reasons. One, you are the parliamentary assistant for economics and trade. I believe that it's going to require a great deal of time and effort by the Chair of this committee on this subject. We're getting into a great deal of numbers. The issue of graduated licensing may come up. The issue of the advocacy matter that Professor Arthurs is getting into, we may be dealing with that. There are now going to be a whole set of new regulations. There are a whole raft of things that this committee will have to deal with as time progresses, and the committee will have a great deal of work.

So I have two concerns, as to whether, one, you would be able to take away sufficient time to proceed in your capacity as Chair of this committee from your role as parliamentary assistant for Economic Development and Trade.

The second reason why I question whether or not, perhaps, Mr Chair, you should step aside as Chair of this committee at this time is that I believe that you have a conflict of interest, because in your role as parliamentary assistant of Economic Development and Trade, one of the great concerns that has come forward in the hearings has been that there may be a lack of investment—

**Mr Owens:** What's your point? You've made an allegation that there may be a conflict of interest.

**Mr Tilson:** Yes, I'm making—can you tell him to be quiet while I make my point of order, Mr Chair?

**Mr Owens:** You've made an allegation with respect to conflict of interest.

**The Chair:** Order, please. Mr Tilson, would you get to your point of order?

**Mr Tilson:** I'm essentially saying, Mr Chairman, that I believe that you have a conflict of interest because one of the allegations that—

**The Chair:** Mr Tilson, if I might, that's not a point of order. Indeed, the Speaker's ruled on this already and it's not a point of order.

**Mr Tilson:** Mr Chairman, I don't think you have the time to put forward—

**The Chair:** That's not a point of order, Mr Tilson.

**Mr Tilson:** I think that you're either going to have to resign as Chair of this committee for this particular area of auto insurance or you're going—



**The Chair:** Order, Mr Tilson. Mr Owens, would you like to give us a brief rundown on what's happened with regard to Bill 164 and some things that might be relevant to that since we last met in February?

**Mr Owens:** I'd be pleased to do that, Chair. The one request that I would make is if somebody from the clerk's office could approach the director of the Legislative Assembly to see if we can get this engine turned off here so that I can hear myself think as we move through the day here today.

As the Chair quite accurately pointed out—

**Mr Elston:** We have it every day, all day long in our offices. I'm sorry, but—

**Mr Owens:** Sir, you may have a higher tolerance level for—

**The Chair:** If Mr Owens is raising a point of privilege, then indeed he has one, Mr Elston, if he can't hear adequately.

**Mr Elston:** We have been living with this—I have in my office—for two years.

**The Chair:** I recognize that it's been a problem for many people, Mr Elston, but if indeed Mr Owens is raising this as a point of privilege then he's correct, and if we can do something about it, we're going to try and do that.

**Mr Owens:** I'm sorry that you and your party feel that they can judge the sensitivity levels for people across the province.

**Mrs Elinor Caplan (Oriole):** If you want to hear noise, come over to our office.

**Mr Owens:** It's my view that this is a personal issue and I've made a request, and if you don't like it, you have an option to dispute that ruling with the Chair.

**The Chair:** Mr Owens, would you please—

**Mr Owens:** In terms of how we've proceeded with this legislation, I see we have started in kind as we left off. We spent a number of days—four days, I think, Chair—debating two clauses. We were unable to pass section 1 and then moved on to section 2.

In response to the requests of the industry, of public safety groups across the province, the Minister of Transportation did in fact announce a consultation with respect to graduated licensing. It's our view that this safety measure, in consultation with the industry, will have a positive effect in the sense that we will be able to reduce the number of injuries on the road, ultimately the number of fatalities, and that that in fact should have a beneficial rate impact for drivers across the province.

It's my hope, Chair, that we can proceed through this bill, especially the first number of sections, which, for Messrs Elston and Kwinter and the member for Oriole, who did not have the pleasure to participate through the entire process last day, are merely technical in nature

and changes of names and setting up the framework for the bill itself. With that, Chair, I'll turn the floor back over to you.

**The Chair:** Mr Elston?

**Mr Elston:** Is there anything to be talked about in terms of the rehab and long-term care report? My discussions with the minister had indicated that maybe even before today's date I would have heard something from him that would have been at least a suggestion of good news, I presume, around the some 100 recommendations in that report. I've heard nothing from him. I've had a briefing from Mr Tully on Monday, I've had a briefing session yesterday with Mr Scott, who is really not aware of this because he's at the insurance commission, obviously. But can the parliamentary assistant tell me something about that, because I'm told that some of the areas in dispute and some of the reasons why this bill has not received very much support have largely been several areas of deficiency. The report on long-term care and rehab, however, has been long anticipated, has been something on which the industry and others as providers have joined with the government to establish a good foundation for some changes, and I think perhaps the deliberations around this bill might be assisted if we had some inkling or some suspicion of how these things were going to be resolved.

The problem I've seen—and I'm a new member on this committee. Actually, I'm subbing in today for Mr Phillips, but I'm the critic now. I've newly joined the critic's role. One of the problems I've seen with this bill is that you can read these provisions which are legislative, but the real strength and substance of this bill fall into the draft regulations, and there are a pile of problems I have seen just doing my early review of some of these.

But I would ask the question about rehab and long-term care, because that area is one in which there are several issues around cost, around provision of service to the injured, that have been raised, I think, by way of interrogatories by a number of the presenters who appeared in front of the committee. So if the parliamentary assistant can help us out in that way, perhaps we can get a better feeling.

Just before I let him answer that question, I know that there have been discussions between the industry and Mr Tully and perhaps the minister or whatever on other issues, and I think it would be rational for us all to receive some idea of how far the discussions have gone around resolving other problem areas, because if there are more amendments to come or if there have been, as I understand there are being held out, opportunities for solving some of the other technical difficulties that have been highlighted by the industry in particular, but also by some others, then we ought to know that before we do clause-by-clause, because I'll tell you, there is nothing worse than having to go back over the

ground and reopen clauses as agreements are reached. So I would like to know the status of some of those discussions and also the status of the report recommendations.

**The Chair:** Before I go to Mr Owens, I'd like to remind Mr Elston that indeed this is clause-by-clause and that we're not dealing with regulations right now. I'm sure you know that.

**Mr Elston:** We never deal with regulations. That's a problem.

**The Chair:** We're not dealing with regulations right now. I just wanted to—

**Mr Tilson:** Mr Chairman, on a point of order: That's not quite true. We did spend considerable time during the clause-by-clause discussions on the draft regulations, and Mr Elston is quite right, because now we have—

**The Chair:** You're out of—well, that's not true, and let me say that—

**Mr Tilson:** What do you mean I'm not? I'm making a point of order. You've got to hear it before you rule me out of order. I'm simply saying that—

**The Chair:** You're out of order, Mr Tilson, because I've heard it.

**Mr Tilson:** How can I be out of order when you haven't even heard my point of order?

**The Chair:** You're out of order, Mr Tilson. Mr Owens.

1020

**Mr Owens:** I'd like to thank Mr Elston for the questions on the issue with respect to the task force and around the discussions. I will take these questions back to the minister there in process around making decisions with respect to sharing of the material with respect to the task force, and I can get back to the member later on today.

In terms of the discussions that are ongoing, your comments are right. We are certainly, and have been, in discussions with the industry to try and resolve some of the issues. You identified the word "deficiencies." It's our view that we are certainly trying to clear up some of the deficiencies that were left after Bill 68, and we are trying to do that in consultation with the stakeholder groups.

Again, I'll go back to the minister and ask him for a report that can be shared with this committee, and hopefully I'll be able to do that either this afternoon or at our next set of hearings.

**The Chair:** Thank you, Mr Owens. Mr Wiseman.

**Mr Elston:** Just a minute, now. You're not going to give us this stuff until the next set of hearings?

**Mr Owens:** That would be either a week today or—

**Mr Elston:** So we're going to spend four or five hours on this and then you're going to come back and

tell us what's happening.

**The Chair:** Mr Elston, I haven't recognized you. Mr Wiseman.

**Mr Jim Wiseman (Durham West):** Maybe we could clear this up. I think we would be prepared to stand down those clauses that would be affected by any changes that would be brought into effect by the long-term care study. In terms of being able to move the process along, I think we should move on the clauses that are not directly related to that; as to the clauses that are directly related to that, I would be prepared to suggest we should stand those down and deal with those at a later date. I hope perhaps with that, we could begin to move along.

**Mr Elston:** Is that an undertaking, then, Mr Chair, to not deal with those sections until a comprehensive response to the task force has been made? I take it as an undertaking not to proceed with those clauses.

**Mr Wiseman:** With those sections of the bill that are directly affected by whatever recommendations and changes will be made, we will stand those down.

**Mr Elston:** Does the parliamentary assistant commit to that as well?

**Mr Owens:** In terms of as we go through the process—

**Mr Elston:** Oh, oh.

**Mr Owens:** Is somebody disagreeing with that?

**Mr Elston:** Well, I'm wondering. Are you agreeing with the whip of your caucus, is what I'm asking.

**Mr Owens:** If that's the wish of the whip, then I certainly concur with that.

**Mr Elston:** Good.

**Mr Owens:** I certainly hope we're not going to get into arguments about which clause is going to impact and how. As I indicated, the first number of these amendments are clearly amendments for the purpose of clarification and definition.

**The Chair:** We've had considerable—Mr Tilson.

**Mr Tilson:** Mr Chairman, I would like some response from either the whip or the parliamentary assistant with respect to two things.

The three cases of Meyer, Dalglish and I think it's Lento—I'm not too sure how you pronounce the third case—are now currently, as we speak, before the Court of Appeal, which is dealing with the definition of Bill 68—I think it's Bill 68, the existing law—and the result of those decisions may have an effect on auto insurance as we now know it today.

I'm responding specifically to the comments that were made to myself and the former critic of the Liberal Party, Mr Mancini, by the minister that he would entertain thoughts of moving away from the deductible test to some sort of verbal threshold test. In light of the minister's comments to myself and Mr Mancini, I would



like to know what their thoughts are specifically with these three cases that are now before the Court of Appeal, which will be defining the threshold test of Bill 68.

**The Chair:** Mr Owens, do you have a comment on that?

**Mr Owens:** On the question of the cases before the courts, I'll turn it over to ministry counsel for response.

**Ms Julia Fisher:** I guess I don't really understand the question.

**Mr Tilson:** My question, quite frankly, is that the minister made comments to myself and to Mr Mancini—

**Ms Fisher:** I have no knowledge of any comments the minister might have made.

**Mr Tilson:** I'm telling the committee that—

**Mr Owens:** Mr Tilson, are you asking for a clarification on the status of the cases or the status of the cases vis-à-vis your discussion with respect to deductible versus verbal threshold?

**Mr Tilson:** Yes. The issue is, of course, that the minister spoke to myself and Mr Mancini, as the critic for the Conservative Party and the critic for the Liberal Party, about considering possibly moving away from the deductible test to a verbal threshold test. In light of that, with the three cases that are now before the Court of Appeal, talking specifically of the verbal test of Bill 68, I guess my question is whether or not the parliamentary assistant or the minister now has any further advice to this committee as to how these issues will affect Bill 164.

**Mr Owens:** Just in terms of your discussion, it's my understanding as well that a discussion did take place with respect to the issue of deductibles and verbal thresholds. At this point, I can tell you that no decision has been made in any direction and that discussions are still ongoing. I'm sure that at some point you and your colleague Mr Harnick and those members of the official opposition who are interested in this issue will also be brought into the discussion, but no decision has been made in that respect.

**Mr Tilson:** Mr Chairman, through you to Mr Owens, the issue, of course, is that I suspect that the Court of Appeal will reserve on this decision, and it may be some time before the Court of Appeal will be able to provide its thoughts on the threshold test of Bill 68.

Albeit the minister was musing—he made no commitment one way or the other; it was strictly musing as to his thoughts—but the fact that he was doing that leads me to believe that is another area that perhaps should be set aside until we've had an opportunity to look at the decisions of the Court of Appeal, because the Court of Appeal decisions may have an effect on the thinking of the minister and indeed your party as to where it is

going with respect to a threshold test of Bill 164.

**Mr Owens:** I don't have an opinion one way or the other in terms of standing it down, and I'm prepared to take advice from the whip on this. You're quite right in terms of characterizing the discussion more as musing than—

**Mr Tilson:** Of course. There's no commitment. I'm saying that.

**Mr Owens:** We all, from time to time, get together and throw ideas around.

**Mr Tilson:** But the fact that he was musing is important.

**Mr Owens:** Sometimes those musings are set out to check an effect.

In terms of how you want to deal with this, again I'm at the disposal of the whip around this issue. I'm not sure what your thinking is in terms of time lines and if you're asking us to hold the bill in abeyance pending the passage or the decisions.

**Mr Tilson:** With respect to the threshold test, I am. I am doing that, because it may well be that the court's decision may modify the threshold test of Bill 68 to such a degree that it would make it more palatable to the minister.

**Mr Owens:** And I'm not disagreeing or saying that your comments are incorrect. There are some issues, however, that are addressed within that section with respect to the psychological injuries and the ability to sue for pain and suffering that aren't going to be affected by the court ruling. In fact, you may be correct in saying that a court ruling may come down with respect to the threshold set out in Bill 68.

1030

**Mr Tilson:** Mr Chairman, again through you to Mr Owens, my concern is that it would be a shame if we spent a considerable amount of time in the clause-by-clause discussions when the decisions of the Court of Appeal on these three appeals—which I think are being treated as one, but they're three separate cases, all coming from quite different directions, I might add. The Court of Appeal has got a job ahead of it trying to resolve those three cases. But it would be a shame if this committee spent quite a bit of time—and I can assure you that certainly the Conservative Party will be, and knowing Mr Elston and his Liberal colleagues they will be spending a great deal of time on that area as well. To go through that only to find out that the Court of Appeal has come up with a solution to this would be a tragedy.

My question is—

**Mr Owens:** Any kind of solution that helps resolve this problem is by no means a tragedy. But I think this is an issue that's plagued at least two of the three parties in the Legislature.

In terms of your question, let me undertake that again I will put the question to the minister and come back with a response this afternoon with respect to his wishes on proceeding. I'm not suggesting that your request is not valid; I simply want to get clarification on how the minister sees the progress around this issue.

**Mr Tilson:** There's one other area that gave me concern, and that is the announcement, of course, that the minister made in the House that there was going to be some substantial work done with respect to the regulations. In fact, I asked him a question in the House—I can't remember when; I think it was the day before yesterday—about when he expected that these regulations would be available, and I believe Hansard indicated that he said it would be ready in a few weeks or several weeks.

The whole issue of Bill 164 is based on a benefit package and the interpretation of the regulations. You made a comment at the outset that we're not here to deal with the regulations. With due respect, we are, because we simply cannot comprehend the whole concept of Bill 164 unless we determine what some of those regulations mean. I know you were here as a member of this committee for several days, and if you heard many of the delegations, whether it be the lawyers, whether it be the doctors, whether it be the insurance companies, whether it be the innocent accident victims, they all were unanimous: They couldn't understand, couldn't comprehend the regulations, nor could members of this committee. I mean, we could not understand them.

So the minister has now announced that he is going to review the regulations, presumably amend them substantially so that they will be more comprehensible. I say to Mr Owens, if he's making a list of things to go to the minister, that because every last section is directly or indirectly tied in to these regulations—you can't implement this bill without turning to the regulations—then if no one understands them, it's a complete farce. I congratulate the minister for going back to his staff and perhaps rewriting the regulations, but my question is, is it premature to even continue with these hearings on clause-by-clause when the regulations may put a completely different slant on the sections in this bill, whether it be definition sections or other sections?

**The Chair:** Mr Elston has a point on that.

**Mr Elston:** On that issue, if I might, Mr Chair: Although technically we are not able to deal with regulations here in the committee, legislatively we are not able to deal with them, both Bill 68 and Bill 164 have been put in front of the committee with regulations. When I introduced OMPP by way of 68, at the same time were released with that bill the draft regulations as far as we could take them, because, to be quite honest, all of the benefit packages that were announced around the program for auto insurance reform in our

time, and even under 164, are only included in the combined package of regulations and legislative amendments being proposed.

That has, in my view, created a *modus operandi*, if I can describe it in that way, for the auto insurance reform packages proposed by the two administrations. It means very clearly that the intent of the bill is given strength or force by the fact that it is being backed up with, if not a guarantee that the regulations will be passed as filed, at least an undertaking that the general scheme which is formulated in the regulations will form part of the legislative package. The legislative package does include not only the Legislative Assembly amendments to the bill but then also the regulations that are being amended by the orders in council.

So, Mr Chair, while you technically are right, the history of legislative reform of automobile insurance has for the last eight or nine years been to the point that we are filing not only the amended bill but also the amended regulations, and if we go back to 1978, which I think was the last time the Conservative administration amended the auto insurance no-fault benefits, in fact the studies which came out were to the point that certain regulations would be developed and there was a bit of a debate around whether or not the no-fault benefits would be strengthened.

So it has, as a result of the type of activity that auto insurance has created in this assembly, become quite clear that the regulations are indispensable, at least their understanding, and their filing with the amendments is indispensable to a total understanding of the package, just because they are so extensive. To that extent, I think it's important that if there are going to be a large number of changes, which I am told there may be, there are some real—I'm sorry?

**The Chair:** I was speaking with the clerk.

**Mr Elston:** I am supporting Mr Tilson.

I might also say, in relation to some of the briefings that I've had, that a number of people who will be responsible for these regulations have talked with officials of the project team that is in charge of developing this for the public service, and it is quite clear that in some of these particular regulations there is little, if any, understanding of how they are going to be enforced and enforceable.

That being the case, it seems to me that we are left with the prospect that there will be an entire amendment of the regulatory regime around the operation of this bill and that certain undertakings which have been given by the minister and the parliamentary assistant in their defence of this legislation will fall by the wayside if in fact the authorities who are responsible for enforcement through regulation are unable to carry that job out.

For that very reason, sir, I suggest to you, and because of the history of the way this issue has been



dealt with, that we very seriously consider, if not a total backing away of dealing with this until these regulations are finalized, that we will have to have an update before we are finished with these amendments with respect to the new regulations and the regulations which have been agreed upon by the stakeholders and the ministry. That is, in my view, not asking too much, and in fact it is almost mandatory if the committee is not going to feel misled in the conduct of their business.

**Mr Owens:** That's strong language.

**Mr Elston:** Okay, if they don't feel if they're going to be—no, no. I mean, we have a legislative scheme proposed and the regulations are required to put them into effect and we know what it means. I chose the wrong word. I didn't mean it in the way which is unparliamentary.

We are passing the Legislative Assembly amendments to the act and the regulations put those into effect, and the votes which we will take are based on an understanding of what the regulations will do to enforce the provisions. If we put those provisions into effect and the regulations are changed and it completely manipulates the language which we thought we were dealing with, then we will feel like we have not passed the legislation which we thought we were passing.

1040

That's a bulky way of saying what I said before, but for me it's important to know and to be brought up to date right away on the changes to those regulations so that we are assured that the explanations given are in fact going to be carried out, because I have seen regulations—

**The Chair:** I would like to just remind everyone that the purpose of the committee today certainly is to deal with Bill 164 clause by clause. I think everyone understands that. We've had a number of, if I can put it this way, opening remarks with regard to pursuing clause-by-clause, and until the Chair is directed otherwise, that's how the committee is going to go. If there's a decision made collectively by this committee to do something else, then certainly that will be recognized, but until that point in time we have a purpose here, and that is to pursue the clause-by-clause issue of Bill 164.

**Mrs Caplan:** I think it's important, as we begin today's proceedings, that we have an opportunity to discuss the environment within which we will be working, and also to determine how positive our work will be as far as results are concerned.

I've heard what my colleague Mr Tilson has said and I very much support what our critic, Mr Elston, has said. My own sense is that it may well be the committee's first debate and first decision to decide that it is premature to proceed with this bill and to recommend to the parliamentary assistant and to the minister that there are some other pieces of information that the

committee requires before it can make reasonable judgements on clause-by-clause.

What we're talking about is an environment of goodwill and productivity. For us to sit here and spend our time debating, clause by clause, a bill which may substantially change by the regulations that are going to be brought forward—and I mean substantially change in spirit or in the ability to implement by those regulations—I think will not serve the public interest well and certainly would create an environment here at the committee where we would feel that we could have proceeded in a better way and perhaps ultimately more expeditiously.

My own feeling is that it is premature to proceed at this time without all of the regulations before us, and also, I would suggest, without those court determinations. What we are doing here is making new law, and we are making new law because of a perception of the government that the old law needs changing. We've heard from deputations before the committee that the existing law is being tested. We know that the law is being clarified. Some have even suggested that the existing plan is working quite well and should be allowed to mature before substantive changes are made to it.

What we now are aware of, that we were not aware of much earlier on in the proceedings, is that there will be some very important decisions being made by the appeal courts who interpret the laws that we make here in the Legislature which could well have an impact on the minister and the government's policy in this area. I think that's extremely important for this committee to consider at the beginning of these deliberations, because for us to invest a lot of our time and our effort only to find that in a few weeks the Court of Appeal has rendered a judgement which has caused the minister to change his mind would be, in my view, especially having considered it here, a travesty and quite unnecessary.

With the consideration that we are in fact lawmaking here at this committee and that the existing law is being tested and clarified at the moment and that the results of that clarification may well have an impact on the policy of the government, it seems to me that it would be prudent and wise of the government to agree to wait for those decisions and to have all of the information before the committee before you proceed.

The other point I would make is that I don't think there's urgency. I understand the government's right to set its agenda, but normally the agenda will be set on the basis of priorities where there is a sense of urgency, and from everything I'm hearing from certainly my constituents in Oriole, but from the representatives who are coming here and have spoken to us before this committee, there's no sense of urgency that this legislation must be changed for any critical reason that would

require that this be, I would use the word, rammed through, or rushed through, or hurried unnecessarily. I understand the government's desire to move forward with this, but I would argue that there is no sense of urgency and could argue that it would be in the interests of better lawmaking to proceed in a more well-thought-out and, I would even use the term, "watchful waiting" approach as we see what the results are of the existing legislation.

The last point I'd like to make really does relate to the point on the regulations which we've heard so far. We know what a vital component the regulations are of this legislation, and we've heard a history of the approach to auto insurance reform in the province which has seen legislation and regulation go hand in hand perhaps in a way that we haven't seen with other pieces of legislation.

The point I would make is that because we are making a law and because that law will be implemented by regulation, it is extremely important that those regulations be understood by those who are going to be implementing. So clarity, use of the kind of language that people will understand, is extremely important. I know the minister and the ministry are attempting to do that. It would therefore be very helpful for us during our deliberations to have that clarification so that we too around the committee will better understand what the implications are going to be about implementation of the legislation and the ability of the plan to work or not work, and be enforced. I mean, whether it's going to succeed or not will affect the judgements of the people at this committee who are making suggestions and recommendations to the government.

The last point is that much of what we are talking about, we have heard from deputations, could have a very significant impact on premium costs in the province: the consumers having to pay more for their auto insurance as a result of this new plan. Certainly, if we can have greater clarification of the regulations, we can then determine what we think the impact will be, and I think the people have a right to know as we move this forward.

So there are a number of I think very good reasons why the parliamentary assistant and the government could consider a more prudent approach and not rush this through until we have all the information we need to ensure that all of the aspects of our lawmaking are available to us before we come down to the determinations of clause-by-clause. Because if we're right, and the courts' decisions do have an impact on the minister's decision, if there is further scrutiny that will suggest that because of that, premiums could well increase—the cost to consumers is something that I know everyone around this table is concerned about—and since there is no urgency, why would we want to see all of this time and effort and energy go

into amending a piece of legislation that could end up being substantially changed by the government itself in a few weeks when you have information that may well cause a policy change?

So I would put that argument forward in the hopes of creating an environment of goodwill, where we could do good work at the committee rather than spending our time debating the issues of why we're doing this at this time without all of the information we need to advise the government and make good decisions.

**The Chair:** Thank you, Ms Caplan. Mr Owens has some responses to many comments that have been made, and I'd like to give him that opportunity.

**1050**

**Mr Owens:** I'd like to thank the member for Oriole for the inclusiveness of her comments and the demonstration that she and her colleagues are wanting to do good work on this legislation.

I think that in terms of prematurity and rushing things through, I'd like to address that first. On September 6, 1991, this government made a decision not to proceed with our public auto policy. For a full year prior to that, we spent that time gaining an understanding of the industry and how it works and where the issues are. As I say, on September 6, 1991, the decision was made not to go forward with that.

We are now on May 13, 1993, after having a full set of public hearings and hearing from all kinds of groups and stakeholders with respect to the legislation itself. In terms of your questions, both yours, Ms Caplan, and Mr Elston's and Mr Tilson's with respect to the regulation, the first draft of the regulation was released in March 1992. Again, public release of the document, consultations conducted with stakeholders in the industry, consumer groups, victims' groups, insurance companies—the latest draft of the regulation was released in January of this year. So there has been no attempt to hide or to ram through any kind of legislative change to this bill.

I think, partisan politics aside, we recognize that there are some gaps in the plan that was, as Mr Elston indicated, introduced by himself and his government and that those gaps have left a number of people suffering. It is our intention to close those gaps. While we cannot necessarily make those people whole who have suffered from past legislation, we can certainly attempt to keep people whole prospectively.

I think that in terms of the argument with respect to prematurity, it's not premature; it's the right time to be doing this. On the regulation, this is not the first piece of legislation in the history of the Legislature that has been introduced and regulations not tabled directly at committee. As the Chair quite diplomatically pointed out, in fact the matter that we are seized of in this committee is Bill 164 and certainly not the regulations.



There is an opportunity for all three parties, each and every member of each party in this House and each and every member of stakeholder groups and individuals to comment on the regulations that, as I say, have been made fully public, and consultations have been ongoing since March 1992. I think, in terms of—

**Mr Elston:** When does that happen?

**Mr Owens:** If Mr Elston will let me complete my comments, as I allowed him to do—in terms of how the regulation process is going to impact on the bill, that changes are being made with respect to clarity, and again that we fully believe in the committee process and the consultation with the groups that has gone on and will continue to go on to ensure that we have what is in our view the best of accident benefits regulation that can be passed. So this process is ongoing. There will not be, in my understanding from ministry staff, a legislative impact. It's their view, at this point, on the bill.

**Mr Elston:** Sorry? There won't be?

**Mr Owens:** There will not be, as a result of clarity—

**Mr Elston:** That's not what I'm understanding. I'm understanding right now there are some misconceptions around the changes that are being contemplated between stakeholders and the government, that there will be in fact a change in the impact of this legislation in terms of cost, potentially, in terms of coverage, the way in which people are going to be covered, the manner in which perhaps there may be a working-out of the new pain and suffering threshold. That, my friend, will in fact make a change in how this legislation is to be viewed. I've heard there are discussions around those very issues.

**The Chair:** Mr Elston, could we let Mr Owens finish and then you can certainly respond to his comments.

**Mr Elston:** Okay. Actually, one of my problems is that I have to go up and see the minister in his other role and in my other role in about five minutes.

**Mr Owens:** Yes, I appreciate that.

**Mr Elston:** I understand that there are very serious discussions behind the scene which are, in fact, going to change this.

**Mr Owens:** There's no doubt that there may be discussions going on with respect to the—

**Mr Wiseman:** Hearsay discussions are not.

**Mr Elston:** They are not hearsay discussions; they are real discussions.

**Mr Tilson:** If there's a problem, let's deal with it.

**The Chair:** Order. Mr Owens.

**Mr Owens:** As I say, there's no doubt that discussions have been going on and will continue to go on. As I mention, the—

**Mrs Caplan:** And if they're hearsay they will not result in substantive amendment to the bill.

**The Chair:** Will you please continue, Mr Owens.

**Mr Owens:** I am not going to commit in any way, shape or form on that, as Mr Elston seems to have some information that he's launched on to the record. If he can provide the committee with more information, I'd certainly be willing to follow that up.

In terms of the threshold issue versus deductible etc, these are not issues that are involved in the regulations, so there in fact may be discussions going on; I'm not going to suggest that there aren't. If you have evidence that this is contrary to my statements that in fact we will have to make changes, then come forward. I'm prepared to move those changes with pleasure, if that's the will of the government.

At this point, as I say, there are discussions ongoing with respect to clarifying the regulation as a result of the consultation process, both here in committee as well as consultations that have been held with stakeholders by the minister, by ministry staff. At this point, there is a view that these clarifications will not impact on the language.

**Mr Elston:** You can tell us how that's going to happen. All I'm saying is, there is a series of discussions around caps and other things in the regulations. There will be real implications for the people who are the subject matter of other coverages in here. If you put certain caps on or caps at a certain level, then there may have been a real reason to do something else with another part of the bill.

All I'm saying is, that's what you've done to create the bill as it is. You've made tradeoffs inside the coverages. You took away economic loss for people through the tort system and you threw some stuff in to provide people with pain and suffering coverage. You're moving from the \$3,000 a month up to \$10,000 or doing some other things in long-term care, if the recommendations are correct. But, I'll tell you, this whole bill is constructed around what has been indicated by the government to be a better balancing of the benefits.

That being the case, Mr Chair, and to Mr Owens and to his staff, who say there are not going to be any implications in the negotiations, I say that can't possibly be true when you take a look at the construction of this legislation. It is all based on a balance of redistributive premiums to the accident victims. When you move one, you move something else, unless you're going to be content with raising the premiums substantially.

**Mr Tilson:** Bingo. You just won the prize.

**Mr Elston:** I'm just telling you that it is really quite clear that there will be—I'm being told there are serious discussions. I don't know anything about what happens inside your administration. You know it; you're the



parliamentary assistant.

**Mr Owens:** You probably know better than anybody.

**Mr Elston:** But I'm told by other people that there are serious considerations around various aspects of this bill that are going to manipulate the way the words are in this legislation through a realignment of the regulations. It also, for me, means that the scheme which is being devised under these changes is not necessarily going to be the one we figure we're putting into place. That's what I'm contending.

I'm sorry to break in here. I'm also going to have to go up and see Mr Charlton at a House leaders' meeting, but I don't know how else to tell you how interrelated the regulations are with the legislation than to tell you that when you start moving money around inside your scheme, whether by regulation or by legislative amendment, you are going to make changes in this overall program. It's clear and I will not believe anybody who says that a discussion is being carried on to make some clarifications and will have no effect on the overall program. That is not possible.

1100

**The Chair:** I would like to say that at this point in time the Chair has not been directed otherwise with regard to dealing with the issue of clause-by-clause, and that's the purpose for which we are meeting today. I would like to continue with that direction. I would like to have Mr Owens maybe read—I mean, we've already passed section 1. We haven't passed section 2, if Mr Owens would like to read that into the record.

**Mr Tilson:** Mr Chairman, a point of order: I appreciate your obligation as a Chair to try and keep the thing moving, but it's been some time since the committee has last met to discuss these things, and the obvious remark was that a number of things have happened. Even within the last week a number of things have happened, and I—

**The Chair:** That's not a point of order, Mr Tilson.

**Mr Tilson:** Well, Mr Chairman, surely I have the right to ask the parliamentary assistant a question that relates to the clause-by-clause discussions.

**The Chair:** Mr Tilson, that's not a point of order. When we become involved in the clause-by-clause you will have an opportunity to certainly raise concerns with regard to sections of the—

*Interjection.*

**The Chair:** Mrs Caplan.

**Mrs Caplan:** Thank you, Mr Chairman. I appreciate your giving me the floor. I'm going to try and be helpful. It's now 11 o'clock. Our critic is going to be meeting with the minister in a few minutes. I'd like to place a motion on the floor for consideration. We're planning to meet this afternoon at 2 o'clock, or right after question period, 3:30. I'd like to suggest that we

adjourn until 3:30 this afternoon, see if we can get some clarification from the minister and the government as to the concerns that have been raised this morning—Mr Elston's going to be meeting with the minister now—and then we don't have to waste our time.

**The Chair:** Thank you, Mrs Caplan. The question has been to adjourn. I would like to—

**Mrs Caplan:** Just till 3:30 this afternoon.

**Mr Wiseman:** I will not support that. I believe that we should continue and move along with debate of the second clause.

**The Chair:** It's not debatable. I call the question. Those in favour of adjournment? Those opposed?

That motion is lost. We will continue with clause-by-clause.

**Mr Tilson:** Mr Chairman, will you allow me to finish the question I had for a point of order?

**The Chair:** You didn't have a point of order, Mr Tilson. If you would like to very succinctly and very shortly establish some point of order, I'd be glad to hear it.

**Mr Tilson:** The point of order, Mr Chairman, is that I believe that members of this committee, before we get into the clause-by-clause discussions, have the right and the obligation to—

**The Chair:** That's not a point of order, Mr Tilson.

**Mr Tilson:** —ask the parliamentary assistant a number of questions.

**The Chair:** Mr Owens, would you please read into the record section 2.

**Mr Tilson:** I can tell you, Mr Chairman, I'm going to ask this eventually.

**The Chair:** Order.

**Mr Tilson:** You want to shut me up now. Eventually it's going to come my turn and I'm going to ask these questions.

**The Chair:** Order.

**Mr Tilson:** You can shut me up now, but eventually you won't be able to, so you might as well let me have my say.

**The Chair:** Order.

**Mr Wiseman:** That's the appropriate place to ask the question.

**Mr Tilson:** Well, the Chairman's not even giving me a chance to speak.

**The Chair:** I might remind all members of this committee that there are rules that govern how committees operate, and if people raise points of order that are in order, they'll be recognized by the Chair and addressed. But if they're not in order, then certainly that means they're out of order, and it's my duty to proceed. Mr Owens.

**Mr Tilson:** Well, you're in for a war, Mr Chairman.

I'm just warning you.

**Mr Owens:** Just in terms of clarification, on the last day I had in fact read into the record subsections 2(1), (2) and (3). I'll take advice from the clerk as to whether I should re-read it into the record.

**The Chair:** If I could offer this, and maybe the clerk will correct me, but there are members who may not have had an opportunity to read the past Hansard. Indeed I'm sure they're familiar with Bill 164, but for those members who are new to the committee, I thought it might be appropriate to re-read it into Hansard. But if that's not—

**Mr Owens:** Absolutely no problem in doing that.

**The Chair:** Yes, go ahead.

**Mr Owens:** Always want to make sure that we all understand what we're talking about at the same time.

"2(1) The definition of 'class of risk exposure' in section 1 of the act is repealed.

"(2) The definition of 'rate' in section 1 of the act is amended by striking out 'exposure' in the fourth line.

"(3) Section 1 of the act is amended by adding the following definition:

"'Risk classification system,' in relation to automobile insurance, means the elements used for the purpose of classifying risks in the determination of rates for a coverage or category of automobile insurance, including the variables, criteria, rules and procedures used for that purpose," and with respect to my bilingual colleagues, "('système de classement des risques')."

**The Chair:** Thank you, Mr Owens. Are there any comments on this section of section 2 of Bill 164?

**Mr Tilson:** One of the questions I have with respect to section 2 is the comprehension of the risk classification system. My question is to the parliamentary assistant. The minister announced in the House that he has retained Professor Arthurs to provide advice on the possible setting up of a new advocacy system, which presumably would be advocates to properly advise the innocent accident victims who will want to understand, whether it be the regulations or whether it be indeed provisions in the act, such as the risk classification system and what it means.

There didn't appear to be any timetable with respect to that report that Professor Arthurs is going to be dealing with. One of the areas we raised in the discussions in the public hearings was the need of the innocent accident victim to be properly advised. In the tort system, of course, the issue of cost was covered through the legal system. In this system, the innocent accident victim literally has no one to advise him, and hence Mr Owens indicated that he would be recommending to the minister—and obviously the minister accepted his advice—a discussion on the advocacy system.

I guess the concern I have is the issue of where this is going to lead. Particularly, is this going to mean a whole set of bureaucracy that's going to be needed for this government, particularly with the Treasurer talking about cutbacks in the bureaucracy and the cost with the social contract?

On the issue of rates with the insurance companies, the insurance companies will be well looked after. The insurance companies will be able to retain lawyers, although that may indeed affect the rates as well. However, the innocent accident victim will not, and that is, hence, the reason why presumably the minister decided to proceed with an advocacy system, or discussions on the possibility of an advocacy system, which presumably will be along the lines of a public defender system or the advocates who are found under the Workers' Compensation Act.

I guess my question to the parliamentary assistant is whether or not it's appropriate to go through with sections such as section 2, even the simple definition sections, when we know that Professor Arthurs is going to be recommending to the government whether or not there should be an advocacy system and who is going to represent the innocent accident victim.

**Mr Owens:** I'd like to thank the member for his question. It is, unfortunately, not relevant to section 2. In terms of explanation, as the member was here the last time for the four days of debate, especially around section 2, I will, for the purposes of clarity, remind the member that the purpose behind section 2 is, again, the removal of the confusing term that's contained under the current legislation, "class of risk exposure." The introduction of the term "risk classification" is a reflection of what is currently in use by the insurers in the industry.

I look forward to hearing Mr Tilson's question repeated with respect to Harry Arthurs in a section that is relevant to that. I can, by way of answering—Chair, I'm at your disposal as to whether you want to rule me out of order or not—let the member know that Professor Arthurs will report at the beginning of September and that in fact section 2 is not relevant to the work Professor Arthurs is currently engaged in.

1110

**Mr Tilson:** If it is now going to be September that Professor Arthurs will be presenting his report, if this bill is passed before this session ends and we do not have any further discussions, the difficulty is going to be the question that was certainly raised throughout the hearings from all sides: the need for the innocent accident victim to understand such things as the classification system, whether it be the old or the new, and who's going to advise them.

I guess that question still remains. What's the intent of the government? You will now have implemented new legislation, a new classification system, but you're



not going to have anyone available to explain it to the innocent accident victim or members of the public. What's the government's intent?

**Mr Owens:** Perhaps the member for Dufferin-Peel wasn't listening as carefully as I was to the member for Oriole when she talked about wanting to do good work around this committee and do things in a friendly manner.

Your question again is not relevant to the issue of the clause under discussion at this point, and the good work Professor Arthurs is engaged in has no relevance to the removal of a term that was legislated under a previous bill and bringing it up to date and in line with current industry practice.

As we have gone through these clauses, we've indicated before—you talk about passing legislation. I'll be pleased if we can get past section 2 here at some point, either today or next week or perhaps even this year. But we are currently discussing section 2. If there are questions that are related in later sections of the bill—my understanding is that you placed before us, in the last round, some amendments that your party is quite interested in getting to and we're certainly interested in working on with you. I can't understand the relationship between the work that Professor Arthurs is, as I say, currently engaged in and the changing of definitions in the piece of legislation.

**Mr Tilson:** I think that's been the problem throughout these hearings. I don't think the parliamentary assistant does understand.

**Mr Owens:** The parliamentary assistant understands thoroughly.

**Mr Tilson:** However, I will ask a specific question with respect to the classification system. It's been commented by delegations that came before this committee that the implementation of a uniform rating system will limit competition among the insurance companies. We're talking about rates; we're talking about cost to the consumer. I appreciate that this is a definition section, of the words "risk classification system," but it does lead to the ultimate classification system of this bill, which is a uniform rating system.

As you know, Mr Owens, the insurers do use the rating grid currently to implement a series of highly specialized discounts. These discounts will benefit a whole slew of consumers, a number of them, specifically the senior citizens of this province. With the risk classification system being changed and with the fact that it's going to increase the cost to a great deal of consumers, particularly women and particularly senior citizens, have you any thoughts on amending the classification system that your government's put forward, with the great number of comments that were made by people in the insurance industry and other interest groups?

**Mr Owens:** You're quite right that we have had a number of comments, and that particularly those who do not have good driving records, those who drive while they're impaired, those who are at fault in terms of accidents, may pay a higher rate. I think that you and your colleagues in the Conservative Party would agree that unsafe drivers should pay the freight and that it shouldn't be the safe drivers who pay the higher rates.

In terms of its relationship to section 2, which we are now entering day five in debate on, again we are trying to clearly change a name. If we were able to move on so that we could get into what you, Mr Tilson, view as important issues and that we view as well as being important issues, we could engage in meaningful debate.

This section is again a section that seeks to clarify and bring up to date language that is in our legislation and make it consistent with what is currently industry practice.

**Mr Tilson:** Mr Chairman, I am quite aware of your comment that this is a definition system. The fact of the matter is, though, that you are—not you, but your government—now proposing a whole new risk classification system, something that is quite foreign to the insurance industry.

I guess that I believe to the contrary, that it now is the appropriate time. I mean, when are we going to be able to discuss it? One of the times is at the very first issue that arises, which is the definitions section. There is nothing wrong with talking about the fact of saying that everyone is equal. Yes, you've made the comment of people who have been involved in accidents. But the fact of the matter is that seniors, and women specifically, are going to be paying more for their insurance rates because of this classification system that you're devising.

You can refer to delegation after delegation that talks about this problem, and unless you have some other amendments which I believe should be in section 2, I think now is the time to talk about the risk classification system, which is exactly what section 2 says.

**Mr Owens:** I think, Mr Tilson, if you have amendments that you want to make to section 2, you certainly have had the opportunity in the past number of months to prepare those amendments. If you have amendments on this definition and modernization of language, we'd certainly appreciate any kinds of suggestions from yourself and your colleagues in the third party.

In terms of your comments that risk classification is new to the industry, I don't believe that's quite true. I think that in your consultations with representatives of the industry, some of whom are sitting here today, they'll tell you that this is in fact not a new kind of classification system—again, we're clearly under section 2, which we're moving into day five of discussing—it is merely a definition, a clarification and a moderniz-



ation of language.

**Mr Tilson:** Mr Owens, the difficulty I have with what you just said is—I intend to vote against this amendment, this section 2.

**Mr Owens:** Is that a secret?

**Mr Tilson:** The reason I'm saying that is because I don't like the entire system, the entire system of saying that everybody's the same, because everybody isn't the same. There are all kinds of statistics that have been put forward to say that drivers in this province are different.

**Mr Owens:** And you're absolutely right about that; you're absolutely right.

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**Mr Tilson:** But you're not recognizing this. Just to take one example, State Farm made comments on the uniform class plan with respect to Bill 164, and I'd like to refer to that.

"The bill proposes to impose a uniform classification system upon auto insurance in Ontario. It further proposes to eliminate age, sex and marital status in rating factors to be used in the pricing of auto insurance in Ontario. This classification system will result in unjustified rate increases for many consumers, reduce fairness and equity of auto insurance premiums, generate many complaints from consumers, reduce competition for the resulting underpriced risks, increase administrative expenses.

"This system is fundamentally unfair. It would have a substantial and deleterious effect upon certain types of drivers, particularly women and senior citizens.

"The government's policy paper, *The Road Ahead*, was released at the time of the introduction of Bill 164. It stated that a uniform classification system was a goal of Bill 164. None the less, the Mercer study, commissioned by the government, failed to address the significant cost increase that would be imposed upon consumers as a result of this change."

Then they refer to an exhibit in their paper which is a demonstration of how the uniform class plan shouldn't be implemented. They continue by saying:

"In addition to the rate increases upon females and senior citizens, other criticisms of a uniform class plan include its divergence from equitable, actuarially sound rate-making for all classes of drivers. The cross-subsidization of certain insurance risks inevitably would tend to result in a constriction of the market for those types of drivers such as youthful males in the Toronto metropolitan area.

"A uniform classification system is not more fair nor more equitable than the current system of classifying risks. It is, in fact, just the opposite. The cost of insurance should follow the loss cost generated by a particular type of risk. To substantially change the system of risk classification at this juncture is especially onerous upon women and senior citizens."

Now, I didn't read the entire section from State Farm's presentation, but that's just one of many presentations talking about the risk classification system that's being proposed by this government.

The whole concept of Bill 164 was to reduce the rates or keep the rates down, and also the issue of fairness. There are some other reasons, but those are two of the main ones, and it has been demonstrated by delegation after delegation that the risk classification system, as put forward in section 2 and as reiterated in other sections throughout the bill, is going to be costly, it's going to be unfair and really should be changed.

So Mr Owens has said, why can't I put amendments forward? The fact of the matter is, I don't think anyone in the opposition is going to like the entire system that's being proposed. You can't amend something where you object to the whole thing. My hope would have been that the parliamentary assistants and members of the government would have, after hearing these delegations on this subject, put forward amendments to section 2 and other sections specifically dealing with the uniform class system.

**Mr Owens:** Thank you, Mr Tilson. I certainly wouldn't want to get into irrelevant discussion on section 2, so I'll address the other point you've made.

In terms of the risk classification system that, in your view, is new to the industry, what this bill will do when we eventually get past section 2 is that we'll prescribe a uniform set of variables—as the member is I hope aware, these variables are all over the map at this point—and the industry will be able to, in order to keep its competitive edge within the business, assign weights to the individual variables.

In terms of subsections 2(1), (2) and (3), again we are simply looking at definitional change, a modernization of language. I ask Mr Tilson again: He's raising some interesting points of discussion but they are not relevant to the section under discussion, and perhaps he would like to exercise the wish that he recently articulated in his vote. Perhaps that was even a subtle way of moving the question, but I leave it up to the member to make a decision on that.

But, as I say, we're clearly talking about definitional changes and modernization, and if Mr Tilson would like to pursue his areas of exploration, which we're clearly interested in doing, then we should move on.

**Mr Tilson:** Mr Chairman, I'm trying to make this as simple as possible for the parliamentary assistant, and I'm obviously having some difficulty with that.

However, the allegations that have been made by a great number of the delegations is that the risk classification system will cause great increased costs to certain groups. Obviously, for young males rates will go down, but for young females and senior citizens and women in general rates are going to go up. The insurance com-

panies have put forward facts, they have put forward specific exhibits to their presentations that have explained this. They've also commented—

**Mr Wiseman:** On a point of order, Mr Chair: I believe under the standing orders that when a member becomes repetitive in presentation of his or her case, that is against the standing orders. I would ask that the Chair rule that we have heard this argument a number of times and that we now move to new argument or move along.

**The Chair:** Thank you, Mr Wiseman. Indeed you're correct: Repetitive comments are not allowed under the standing orders. However, if Mr Tilson has anything new he wishes to pursue, we'd certainly like to hear from him.

**Mr Tilson:** Yes, Mr Chairman. What I was in the process of doing was asking a question of the parliamentary assistant. I was not in the process of debate; I was in the process of asking a question: whether, with this information that has come forward from the delegations, the government has any facts to say that that premium dislocation is just not true, because so far, this committee has a whole slew of facts before it that guarantees that as a result of the risk classification system this government's producing, rates are going to go up.

**Mr Owens:** Let me respond as simply as possible to your simply put question that your question again is not relevant to the clause under discussion. Should we, by some miracle of process, be able to move into the areas that Mr Tilson is wont to explore—I think I have been fairly patient in terms of not requesting that the member stay on point, but in fact his question is not related to subsections 2(1), (2) and (3), and we should just be moving on so that we can get to the points Mr Tilson seems to have a higher level of affection for than this particular clause that he is not wont to discuss.

**Mr Tilson:** Just to clarify then, if that is the case, I would like to know in subsection 2(3) what the definition section means about "variables, criteria, rules and procedures." What does that mean as far as the risk classification system is concerned?

**Mr Owens:** I'll ask ministry staff to respond to that.

**Ms Fisher:** The variables will be the things that are taken into account such as accident record, currently sex, age—

**Mr Tilson:** So much for relevance, Mr Chairman. That's exactly what I'm talking about. So the parliamentary assistant, as usual, has no idea what he's talking about.

**The Chair:** Mr Klopp, did you have a point of order?

**Mr Paul Klopp (Huron):** Do we get a chance to get into this conversation?

**The Chair:** Indeed. Would you like to be on the

list? You're next up, Mr Klopp.

**Mr Tilson:** I am going to ask the question again to the parliamentary assistant now that he knows what subsection 2(3) means, and that is whether or not the government has any facts or information that can challenge the allegations by many, many delegations that the premiums will increase as a result of the uniform classification system.

**Mr Owens:** What I've tried to do in this process that began at 10:10 this morning is try to avoid the kind of personal commentary that the member for Dufferin-Peel seems to be insistent on making.

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The process and the clause under discussion again are not relevant to the questions that the member is asking. There's a clear understanding of what subsection (3) as well as subsections 2(1) and (2) mean.

In terms of the issue of repetition, Chair, we have been over this now for almost an hour, including the close to four days we spent on it before, when we previously met back in February, I believe, was the last time we met on this.

Again, for the purposes of clarity on what we're discussing, in case Mr Tilson needs to be reminded, we're talking about a clarification and a clearer definition and a modernization of language that is already currently in use in the industry. Mr Tilson's questions, while they're certainly valid, are not relevant to this section. There are sections further on down through the bill where in fact they are quite relevant and clearly deserve a considered answer, which he will get at that point.

**The Chair:** The Chair recognizes Mr Klopp.

**Mr Klopp:** I support this motion, especially when the comment was made by Mr Tilson that—it seemed to me that he was saying that right now, the insurance industry doesn't have any criteria or any classifications, and indeed it does have classifications.

**Mr Tilson:** I didn't say that.

**Mr Klopp:** Yes, you said that this is a new thing and that the parliamentary assistant doesn't understand. My understanding is that there are classifications now. This is just a verification, to put a new word in to make it clearer. I don't see a problem with that. It talks about variables, criteria and rules which are there now. There are variables, criteria and rules. This is just allowing a clarification, putting in maybe a more modern word that's actually, I understand, been around the industry. I've been around this industry for nigh on 30 years.

**Mr Tilson:** You're not that old.

**Mr Klopp:** Well, I'm older than that. I actually grew up with a company that was started because other companies said you couldn't do things better in rural Ontario. So I'm a little bit aware that there have been classifications, and that word I've used for many years;



I didn't realize it wasn't in a bill. So I support this clarification by saying "risk classification system."

**The Chair:** I would like to ask Mr Kwinter if he had any comments to make with regard to this.

**Mr Monte Kwinter (Wilson Heights):** I've been listening with interest. As you know, I'm a former Minister of Financial Institutions and spent a lot of time looking at the insurance regulations.

I have some sympathy for Mr Tilson's comments. There's mention of "the elements," when you look at subsection 2(3). But the elements are subject to interpretation. They're also subject to change. We have a situation where the Minister of Transportation has just announced that he is starting a consultative process to look at graduated licensing, which is going to change the elements. It's going to make new elements that heretofore are not being considered or not part of the variables. There's going to be something new added. Professor Harry Arthurs is looking at maybe recommending some changes to the elements.

So notwithstanding that on surface this seems to be a relatively simple clause that deals with definition, the mere fact that the government in its wisdom has decided that definition has to be changed leads you to believe that if you're going to change it, then why not change it to the point where it really is not subject to the kind of wide interpretations that are the subject of a lot of lawsuits.

One of the things you have to understand is that every time we as lawmakers write a law, it's a make-work program for the legal profession, because then immediately, someone questions what was meant, what was the intent of that statement? So it's not just a casual sort of thing. As I say, members learned in the law make their living trying to get interpretations of the things that we in some cases casually look at, and I've noticed some real casualness in some of the other amendments that I'm going to speak to.

As I say, I have some sympathy for Mr Tilson's concerns, because every time you make a change, you also open up that change for interpretation and I think it's incumbent upon us, as lawmakers, to be as precise as we can and to be as all-inclusive as we can. This leads us, of course, to some of the concerns that the critic for our party had, that the regulations, even though they're not the subject of discussion by this committee, really do form an integral part of this act, because the regulations give effect to what the act is. If those regulations are going to be changed, then it's going to give a different interpretation to the variables, to the elements, to the other aspects they talk about: the criteria, the rules and procedures.

I have to admit that I don't have a pat answer and a precise way of amending it. Again, I have some sympathy for Mr Tilson saying that it's very difficult in a

definition clause to express all the concerns you have in the total process of this act, because I just have the feeling, when I listen to the discussion, that we may be creating as many problems as we're going to be solving.

I didn't listen to all of the deputations that were here, but I've certainly heard them over the years and I think there has to be a recognition that everybody is really dealing in good faith. I think the government is dealing in good faith; I think the industry is dealing in good faith. But everybody is trying to get a system in place that is going to do what I think we're all trying to do: provide the best possible coverage at the most affordable and economical rate. That, by its very definition, means there are tradeoffs.

The system we had prior to this whole exercise was, I think, serving this province well, with one serious problem: The cost of it was getting to the point where it was unaffordable. But—and I've made this argument long and hard—there is nobody who can tell you, unless you're an actuary or unless you're a pro, what the cost of insurance should be.

All you can do is say, "Last year I spent X and this year they want me to spend 2X and that is unacceptable." You may have been seriously underpaying when you're paying that X and you may be getting the best bargain in the world when you're paying 2X, but it doesn't matter. "Don't confuse me with the facts. All I know is that I didn't have an accident last year and suddenly my rates have gone up." That of course, unfortunately, is because most people do not understand how insurance works.

So the whole purpose of this exercise—and I don't have to lecture this government, because if there was one issue that was synonymous with the NDP, it was its total endorsement of a government-run insurance plan. The main reason for that of course was that they felt they could provide a system that was efficient and affordable.

I had access to the same numbers they now have access to, and when I was the minister and I was at the, I guess, leading edge of all of the criticism of the then members of the opposition as to what we were doing, it had nothing to do with any ideological discussion; it had nothing to do with being a proponent of the private sector insurance industry.

I had always felt all along that we had long ago left that area in the fact that we have a government, socialized health care system in this province and in this country, we have workers' compensation, why not have government car insurance? The only answer why not is that it made no sense. It made no sense economically.

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**Mr Wiseman:** Sure it does.

**Mr Kwinter:** If it made such great sense, why didn't you implement it? You certainly had the opportunity to

do it. In all of the times that I had the argument, my dear friend—and I'm sure if you talk to him he will acknowledge that he was my dear friend—Mel Swart, the member for Welland-Thorold, used to stand up regularly and castigate me and call me a gutless wonder and the lackey of the insurance industries.

**Mrs Irene Mathysen (Middlesex):** Sounds like a dear friend to me.

**Mr Bob Huget (Sarnia):** Mel has always been right, Monte.

**Mr Kwinter:** I think I probably hold the record in question period in that one day, because the NDP of the day decided that this was the day to get Kwinter, I had 47 minutes of question period, all dealing with government automobile insurance. They would constantly trot out Manitoba as the model of what we should be doing, and I would be getting news clippings out of the Winnipeg Free Press saying that the government car insurance agency in Manitoba was in total disarray, that it was being subsidized, that the costs were being hidden from the electorate. It turned out that of course the NDP was wrong and that I was right—and I don't say that I was right; I was just reporting facts—and the government fell on the basis of the way it had handled the automobile insurance situation in Manitoba.

So I say to you that we spent millions of dollars looking at automobile insurance, and if we'd felt that there was a reason to put the government into it, we would have done it. And why not? Why wouldn't we provide the citizens of Ontario with a government plan that would give them good coverage and save them money? The reason we didn't do it is because the figures showed that it wasn't true, that we couldn't do it, that the private sector, because it was in a much broader range of insurance—and there's no secret about it—was in fact in many cases subsidizing customers in automobile insurance because it was making money on other aspects of the insurance business.

The point for this whole sort of look at what was going on is to say that we are now confronted with exactly the same situation. It is an issue, but I can tell you—and all of you will know this—that it is certainly not on the front burner as it was in, say, 1987.

In 1987 the NDP ran its campaign on the whole issue of government insurance. I was the minister of the day when I was campaigning. Bus drivers would stop on the streets with full loads of their passengers and get out and talk to me about car insurance. I'd be out on the corners and all these guys would stop and they'd get out. It didn't make any difference what party they supported or if they supported no party. It was a very, very topical issue and everybody was concerned about the cost and availability of automobile insurance and the whole problem of the Facility Association and the whole problem of just what was happening.

That issue has disappeared. You're all politicians and I can tell you I don't get anybody calling me about automobile insurance.

**Mr David Winninger (London South):** I do all the time.

**Mr Kwinter:** I had five calls this morning from people complaining about what the government was doing about doctors and psychoanalysis and nursing and all of these things in the social contract. Nobody calls me about automobile insurance.

**Mr Winninger:** They've given up on you.

**Mr Wiseman:** They've given up on you. I get tons of calls.

**Mr Kwinter:** The reason for that is that basically the automobile insurance industry is working. There's no question that if we can improve it and if we can make some changes that are going to increase the fairness and provide the ability for economies, that is desirable. Certainly, in the areas where I think there are positive changes, we of course will be supporting it. In the areas where we think that there are not positive changes, we won't.

But I also want to hasten to say that in my opinion this whole exercise is flawed. It's flawed because it starts out on the wrong premise. It starts out on a premise that we have made a commitment that we're going to do something about automobile insurance. We have found out that we were wrong, that it made no sense, that we have been beating a horse that can't run and won't run, and now we've got to show somebody that we're doing something. What we're doing is we're going to sort of tinker around the edges and we're going to bring in some legislation that at least we can look at and say, "Here's what we have done." I think that premise is flawed and I think as a result we are coming up with legislation that isn't going to be of great overall benefit.

To get back to where we were on subsections 2(1), (2) and (3), I do have some sympathy for the fact that there is a use of supposedly modern words—and I don't know what the definition is of "modern words," but why "class of risk exposure" is old-fashioned and "risk classification system" is modern is something that I quite haven't come to terms with.

**Mr Klopp:** Don't pick on the PA; it was me.

**Mr Kwinter:** Okay, but I'm just saying—I don't think that has any relevance, but I do have some concerns when there is an impreciseness in the definitions. Again I go back to my earlier comment. The concern that I have is that the insurance industry is a highly litigious industry. It's an industry that unfortunately thrives on litigation. It's really a *raison d'être* almost of the bar associated with insurance. That's why they're so upset, because somewhere along the line, someone is curtailing their ability to act on behalf of



their clients.

The concern I have is that we may be compounding the problem by playing with words and adding an impreciseness that is going to be subject to even wider interpretation, that's going to be the subject of more and more litigation, when if we could get the benefit of what the regulations are going to be, the benefit of what these lawsuits that are imminently going to be determined and the benefit of Professor Harry Arthurs's deliberations, we may be in a position to save a lot of people a lot of anguish and come up with something that is going to be a useful definition.

I know that the chairman or the parliamentary—I apologize; I can't remember who said it. But there's a feeling that, "Well, all we're talking about in section 2 is a definition; let's get on to the real meat of what the amendments are"—that this is only a definition and as a result we shouldn't be terribly concerned about it. It's just really a change of language that's going to make it more precise. Unfortunately, I think the language doesn't accomplish that particular goal and that, if anything, given what is going on behind the scenes, it may be compounding the problem.

**The Chair:** Thank you, Mr Kwinter. Mr Wiseman, did you have your hand up?

**Mr Wiseman:** I just wanted to say that his assumption of our premise is based on a misconception and his assumption is incorrect.

**The Chair:** Further debate? Mr Tilson.

**Mr Tilson:** The risk classification system is the issue of relevancy, whether it's appropriate to debate the uniform system at this time. There's no question it is, particularly when you look at the definitions, when we start talking about what we mean by "variables," "criteria" or "rules."

All I know is that we were told during the hearings that, comparing the rates, rates for men under 21 would go down by \$351—we're talking about the premiums—men 21 to 24 would go down \$165, women under 21 would go up \$565, and women 21 to 24 would go up \$187. I don't have the statistics right before me as far as seniors are concerned, but there's no question that rates for seniors, as was said by many delegations, would go up as well.

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I gather from the silence of the parliamentary assistant that they do not have any facts—and I say "they"—the government does not have any facts that contradict these and other allegations that were made about how it's guaranteed that these groups, as a result of this new, uniform system—it's guaranteed that the rates for these individuals are going to go up. So I gather from his silence that that is the case.

But there was one other area, Mr Chairman, that I—

**Mr Wiseman:** It doesn't necessarily follow. Your

logic does not follow.

**Mr Tilson:** Well, I'll give him another chance. Can you tell us whether you have any information?

**The Chair:** Mr Owens indeed has indicated he would like to respond to that.

**Mr Owens:** Just in terms of courtesy and manners that I've learned as I've got to this age of 36, my parents always told me that it's polite to let people finish their comments before breaking in and interrupting.

In terms of the relevance to this discussion with respect to section 2, again we're looking at a definition, a modernization of language. Your questions with respect to cost, while they are probative, are not material to the section under discussion at this point. Should we be allowed to move on, it now being 10 to 12, day 5 of this clause, then perhaps we can have a discussion that would be meaningful to the member in terms of his questioning.

**Mr Tilson:** If I could move on to another area with respect to this, comments were made by a number of the delegations that work is being now done to solve the discrepancies that have gone on in the past, that in fact the elimination of age, gender and marital status can be achieved by individual company class plan management over a period of time and is being continued to be processed, which indeed, through that process, would not have the sudden drastic change in rates that has been elaborated on.

As well, the Ontario Insurance Commission, as we were told during the hearings, has begun to enforce some uniformity through administrative changes, and the example is given that non-at-fault losses can no longer be considered in an accident ruling. This change is perhaps more gradual, but it doesn't have the resulting sudden increase in rates that the new system that's being proposed by this bill will have on the consumer of this province with respect to insurance premiums.

I would like the parliamentary assistant to comment on these different actions, the proposed actions by the individual insurance companies which are going on at this time and, secondly, the actions of the Ontario Insurance Commission.

**Mr Owens:** Just in terms of your question with respect to the dislocation that may or may not take place as a result of the uniform classification system being put into practice, should we ever be able to move off of subsections 2(1), (2) and (3), there is a process to manage that dislocation. Again, this is an issue that I would clearly like to explore with the member for Dufferin-Peel, but unfortunately it's not relevant to the section under discussion at this point, and I'm going to ask for advice from the Chair in terms of the value of this continuation of this discussion. It's now 5 to 12 on day 5 of this section and perhaps the Chair would like

to decide whether the questions that are being asked are in order and of value with respect to subsections 2(1), (2) and (3) that are on the floor.

**The Chair:** Indeed I am being as flexible as I can under the standing orders and indeed we don't want to be repetitious, because that's out of order, and we want to ask questions that are relevant to the particular section of the bill. If indeed Mr Tilson's questions might be better answered under another section of the bill, then I think that would be certainly appropriate.

**Mr Tilson:** Mr Chairman, the difficulty I have with this is specifically when I ask what "variables" means, what "criteria" means, what "rules" means, what "procedures" means, when we ask the staff what those words mean, we come back with the very issues that I've been raising, the matter of age, the matter of gender, the matter of all of these things, when we start talking about what these things mean, and the procedures as well. This is in the definition section, and I would submit that it's most appropriate to talk about these things at this time.

**Mr Wiseman:** On a point of order, Mr Chairman: Under our standing orders, repetition is not acceptable. Not only is the repetition now in the area of having the same questions being asked over and over again and the same answers being given over and over again, the whole procedure of asking the question is now becoming repetitious in that the pattern remains the same. Therefore I think it would be appropriate for you to rule that these particular questions in this particular manner are no longer in order and that we move along.

**The Chair:** Indeed, Mr Wiseman, you raise a valid point of order, and I would just like to remind Mr Tilson that he has asked these questions over and over again and the answer he's received from the parliamentary assistant has been repeated on a number of occasions. He may not be happy with that answer, and that's certainly his choice. However, the answer has been made over and over again and I think that it's only fair that we move along, Mr Tilson.

**Mr Tilson:** Well, Mr Chairman, I respectfully disagree, but I can see you're ruling me out of order, which is regrettable. However, I would therefore ask the parliamentary assistant the rationale of subsection (2).

**Mr Owens:** Again, Chair, I am at risk of being ruled repetitious, as I have repeated this rationale and explanation over the past five days and now it is three minutes to 12. This section removes what is viewed by

the government as a confusing term, the "class of risk exposure," from the act and introduces a term, "risk classification system", which again, for the—I've lost count of the number of times that I've used this explanation. This language is currently in use by the industry and this is the method or the attempt by the government to modernize and to set up some level of precision in language. The member for Wilson Heights indicated that it's a problem in terms of imprecision of language and indicated his concern with respect to perhaps casualness. We share that concern and we are certainly moving forward with subsections 2(1), (2) and (3) to provide the kind of precision that's needed and to bring current practice to the current legislation.

**The Chair:** Thank you, Mr Owens. If there are no further comments or debate, I would suggest that we call the question, and indeed I'd like to suggest, shall section 2 of the—

**Mr Kwinter:** Mr Chairman.

**The Chair:** Yes, Mr Kwinter. On a point of order?

**Mr Kwinter:** Given the time, and it's not going to make much difference whether this gets passed now or whether it gets passed at the beginning of our afternoon session, and given the fact that the critic for our party isn't here, and the reason he isn't here is because he has a just and valid reason for not being here—he serves also as our House leader and the House leaders are meeting—could I ask that this vote be put off until the start of the session this afternoon?

**The Chair:** There's no deferral of a question. It appeared to me the debate was completed. No one indicated to me that they wanted to pursue debate any further, so I put the question. I'm at the hands of the committee. If it's the wish that we recess until following routine proceedings this afternoon to call the question, we can do that or we can do it now.

**Mr Winner:** That's not our wish.

**Mr Owens:** That's not our wish. We want to move forward.

**Mr Wiseman:** We would like to call the question.

**The Chair:** Okay. Shall section 2 of the bill carry? Carried.

It now being 12 o'clock, this committee is recessed until after routine proceedings this afternoon at approximately 3:30.

The committee recessed at 1200.



## AFTERNOON SITTING

The committee resumed at 1530.

**The Chair:** I'd like to bring the standing committee on finance and economic affairs to order. We're moving on now to section 3 of Bill 164. I would like to ask the members if there are any amendments.

**Mr Owens:** I move that section 7 of the Insurance Act, as set out in section 3 of the bill, be struck out and the following substituted:

"Accident benefits advisory committees

"7(1) The minister may appoint one or more accident benefits advisory committees.

"Name

"(2) The minister shall assign a name to each committee.

"Duties

"(3) A committee shall,

"(a) advise the minister and the commissioner on such matters relating to statutory accident benefits under part VI as the minister or commissioner may refer to the committee;

"(b) perform such other functions as are assigned to the committee by the minister or the commissioner; and

"(c) perform such other functions as are prescribed by the regulations.

"Recommendations for arbitrators

"(4) The minister or commissioner shall assign to one of the committees the function of recommending persons to conduct arbitrations under this act."

**The Chair:** Are there any concerns, comment or debate with regard to this? Yes, Mr Kwinter.

**Mr Owens:** Would you like an explanation of why we're doing this, or does it matter?

**Mr Kwinter:** It doesn't matter.

**Mr Owens:** Okay.

**The Chair:** Mr Kwinter, please.

**Mr Owens:** I'm sure Mr Tilson is very interested in an explanation.

**Mr Tilson:** I am indeed.

**The Chair:** Mr Owens.

**Mr Kwinter:** All right, why don't I make some of my comments, and then maybe you can make some comments as to why you've done what you've done.

I have some concerns with the intent of the amendment and the wording. To give you an example, when we look at the government amendment 7(1), it says, "The minister may appoint one or more accident benefits advisory committees," whereas in the original proposal it says, "The minister shall appoint an accident benefits advisory committee."

What has happened now is that the proposed amend-

ments will take it from being mandatory, that there shall be at least one accident benefits advisory committee, to the point where it may. It's discretionary. There may be an accident benefits advisory committee which, by definition, means that there may also not be one.

So we have a situation where the act is really at the mercy of the minister and, depending on what his feelings are at any particular time, he will decide whether or not there is to be any or many accident benefit advisory committees. If that is the case, then the other provisions really don't make any sense, because the minister has the discretion of not having any committees. I would certainly appreciate hearing from the parliamentary assistant why that happened.

One of the other two things that concern me is the recommendations for arbitrators. In the original proposals on Bill 164 there was a provision, when we looked at clause 7(c) under section 3, "to advise the commission concerning procedures to be used during arbitrations," which I find not a problem. But where I do have a problem is where the proposed amendments call for two things.

One of the things they call for is, "The minister or commissioner shall assign to one of the committees"—it may or may not be in effect—the recommendation of persons to conduct arbitration under the act, as opposed to the original scheme, which called for a recommendation as to procedures.

It would seem to me that it would be appropriate for the committee to establish its agenda and its procedures and recommendations through the minister and/or commissioner as to how the arbitration should take place. I think it's totally inappropriate for one of these committees, which is very vague—and, again, I say there is also a possibility that there may not even be a committee, because there is discretion on the part of the minister.

But it would seem to me that any arbitrators who were appointed under this act would be appointed by order in council, which means effectively that the cabinet would be making the appointments, and it would seem that the people who would be appointed to conduct arbitrations under the act should be appointed at the discretion of the minister, as opposed to recommendations to the minister being made by the committee, particularly because it doesn't spell out which committee.

In the provisions under the original Bill 164 there was to be one committee. That committee would have been, I assume, structured in such a way that it would reflect all of the interests of all of the accident benefit advisory concerns. Under the new amendment, it says that there could be one or more committees, and then,

further along in the proposed amendment, it says "one of the committees." It doesn't specify what qualifications that committee could have.

It is quite possible that there is a committee that has been set up where, because it may be a rather unique and specialized area of accident benefit, it requires a special expertise. The minister and/or commissioner, in their discretion, might set up that particular committee that has the necessary expertise to deal with that particular issue but would have no expertise or experience in recommending arbitrators in the broad spectrum of what is provided for in this bill.

It would seem to me that several things should happen. I think it's imperative that it be made mandatory that there be at least one accident benefits advisory committee. I think that what has happened in the drafting of this particular amendment is that there has been a little bit of confusion. I think the intent was probably to say that the minister should have the discretion as to whether he wants to appoint more than one.

I have no problem with that, but the way it's worded, it says he has discretion as to even whether he appoints the one. I would think that there could be some change in the language if the intent was to give the minister discretion as to whether there'd be more than one committee, that at least the minister shall appoint a committee and may in fact appoint more than a committee. I think that would resolve that problem.

1540

The other concern I have is that when we have the recommendations for arbitrators, I think the wording should reflect not the minister or the commissioner. I would certainly prefer that it be the minister and/or the commissioner, so that when these order-in-council appointments are made, the minister has the right to do it.

Certainly it would seem to me that there should be a clear understanding that you may require a committee—I'm not sure how you structure the wording—to make sure that you have a committee that has the ability to recommend an arbitrator. I have no problem with that committee recommending the procedures for the committee, but I do have some problems with the committee recommending the people who should be arbitrators, because I think there is a built-in danger of having conflict, depending on the makeup of the committee.

That's another area that has some concern to me. I would be a little happier if under section 7 of the act there is a provision as to the makeup of the committee, certainly as to numbers, so that we have an idea of what kind of committee we're talking about.

Those are just initial comments that I have. I would certainly appreciate hearing from the parliamentary assistant. Maybe he could state the reasons for his

amendments, keeping in mind some of my comments, and maybe could respond to them.

**The Chair:** Mr Owens, for an explanation.

**Mr Owens:** I'll keep my comments brief and on point. I thank the member for his comments. As he may be aware, in the current legislation passed by his government—I'll read for him section 7:

"The minister shall appoint an accident benefits advisory committee to make recommendations concerning persons qualified to be arbitrators, to advise the commission concerning procedures to be used during arbitrations and to advise on such other matters as the commission or the minister may refer to the committee."

So in fact this amendment under subsection 7(4) is entirely consistent with the current legislation.

In terms of the changing of the language, it was felt that there may in fact be a necessity from time to time to have more than one functional committee under this umbrella and that the word "shall" was certainly more restrictive than the word "may."

In terms of issues around things like the designation of assessment facilities, there may be a need to constitute a committee to act out that purpose. The amendment is clearly intended to provide flexibility to the minister and the commissioner, as required, to appoint more than one committee.

For persons who are going to be reading Hansard for the first time and some visitors who have not had the experience of this piece of legislation through its various stages, the accident benefits advisory committee is composed of persons who have diverse interests in the operation of the statutory acts and the benefit schedule. They include accident victims, insurers, consumers, rehabilitation providers etc, and it's designed to ensure that the commissioner or the minister receives a balanced set of advice with respect to the schedule.

Just in conclusion, as I say, the amendment is consistent, first of all, with the legislation of the former government with respect to the appointment or the recommendations with respect to arbitrators and, second, in terms of providing good flexibility to the minister and the commissioner with respect to additional committees as required. This language does that.

**Mr Kwinter:** Could I just respond? I've listened very carefully to the parliamentary assistant and I really think he sort of agrees with what I say, but hasn't responded in that what is happening is that I had pointed out that I thought the intent of the amendment was to give flexibility to the minister, and he agrees. He said that's what the intent was: to give flexibility to the minister.

But what happens is that in the language as it now stands, it also gives a discretion to the minister not to have any committees. It would seem to me that the



intent was that there would be at least one committee, but that the minister should have some flexibility to have more than one. But under this particular wording, under subsection 7(1), it says "The minister may appoint one or more accident benefits advisory committees," which by definition means he may also not appoint them.

All I am saying is that I think there should be a change in the language so it is clear that it is mandatory there be at least one committee, and then there could be discretion for the minister to appoint more—it gives him the flexibility; he doesn't have to, but he has the ability to do it. But under the language as it is now, it could be interpreted, and I don't think anyone could deny it, that the way it is done now the minister has a discretion to have no committees, and that is my concern.

**The Chair:** Thank you, Mr Kwinter. Mr Owens, explanation, please.

**Mr Owens:** Just very quickly, there's no misunderstanding with respect to the enforceability of words like "may," "will" and "shall," in that "shall" is the one that is the most coercive in its application. However, with respect to subsection (4), the word "shall" is used. If I can read this for a moment, "The minister or commissioner shall assign to one of the committees the function of recommending persons to conduct arbitrations under this act."

In fact, Mr Kwinter, you are going to have at least one committee. I think it would be at any government's peril to not appoint an accident benefits advisory committee, as there is a clear reason. I'm sure that in your experience as Minister of Financial Institutions, you certainly would not have gone forward and not appointed a committee of this nature. It's there to provide balanced advice. So there is no intention of this government, by simply changing the wording, other than to allow flexibility in the event that more committees are necessitated. But again, your issue is answered in subsection (4) through the interpretation that at least one committee is necessary to carry out the functions as prescribed under subsection (4).

**Mr Kwinter:** I don't want to really belabour this point, but I think that something is drastically wrong. The major first provision in the previous Bill 164 says, under section 7 in section 3, "The minister shall appoint an accident benefits advisory committee." Under the amendments proposed by the government, it says, "The minister may appoint one or more" committees.

I can tell you that you can sit and tell me now that there isn't a government that would not do it, but all you're going to have at the end of the day, and when this government is gone and successive governments are gone and until this act is amended, is you're going to have an act, and that act is going to say, "The minister may appoint one or more" committees.

There isn't an interpretation in the world, before any judge in the world, that will say that is mandatory; it will say it is discretionary, if, for whatever reason, and reasons that are not known to us now, some minister decides in his discretion, "I have the right not to have any committees, I don't have to have one because it says I 'may' do it; it doesn't say that I 'shall' do it."

For you to then say in "recommendations," subsection (4), you have to understand that flows from what is the number one provision, and the argument will be that the minister can't assign to one of the committees "the function of recommending persons to conduct arbitrations" if there isn't a committee. You can't go back and say, "Later on it says that there 'shall' be." It's mandatory that he "shall assign" to the committee, but he can't make that assignment if a committee isn't there.

For the life of me, I do not understand why this is a big deal, because it just seems to be so obvious and so rational that if you're going to have a committee—and the parliamentary assistant has said there isn't a government going that would not have a committee—why would you have it discretionary when later on you say it is mandatory that these committees shall have some duties?

It would seem to me that it is not a huge leap of faith to take a look at this and say, "We had originally intended that there should be a committee"—I take the government at face value that it intends that there should be a committee. I don't understand why the parliamentary assistant and the government members would not have that provision that mandates there should be at least one committee. I certainly agree that if there's to be more than one, there should be a provision that is discretionary, but surely we can come to an agreement that if it is the intent there should be a committee, it should be mandatory that there be that committee.

**Mr Owens:** I'd like to thank the member for his persuasive arguments. In consultation with ministry counsel and legislative counsel, we don't have a problem in the substitution of "shall" for "may" in that section.

**Mr Winninger:** You're just too generous for words.

**Mr Wiseman:** I'd like to propose at this time that we take a 10-minute recess to consider the wording and to consult to make some changes.

**Mr Owens:** Unanimous consent: no problem.

**The Chair:** A 10-minute recess.

The committee recessed at 1553 and resumed at 1605.

**The Chair:** I'd like to bring the meeting of the committee back to order.

**Mr Charles Harnick (Willowdale):** May I speak on the amendments?

**The Chair:** Sure.

**Mr Harnick:** Just so that I understand what is going on, I gather we've decided to take subsection 7(1) and change it to, "The minister shall appoint one or more accident benefits advisory committees."

**The Chair:** Indeed, Mr Harnick, I was just going to ask Mr Owens if he would reiterate exactly that comment.

**Mr Harnick:** I'll defer to the parliamentary assistant.

**The Chair:** Thank you, Mr Harnick.

**Mr Owens:** I'd like to withdraw the amendment and resubmit the same amendment, substituting the word "shall" in subsection 7(1) for the word "may" so that it will read, "The minister shall appoint one or more accident benefits advisory committees."

**The Chair:** Thank you, Mr Owens. Are there any further comments?

**Mr Klopp:** The legalese won't come back and say that he has to appoint more accident benefits people because the word is "shall" in there? That's the only concern I had.

**The Chair:** Mr Owens, do you have a comment on that?

**Mr Owens:** I'll defer the legal question to ministry counsel.

**Ms Fisher:** I think this gives the minister the option of appointing one committee or appointing more than one committee.

**Mr Winninger:** Mr Chair—

**The Chair:** Mr Harnick had his hand up.

**Mr Harnick:** I think it's a very appropriate time to talk about what goes on at the Ontario Insurance Commission, because here we are talking about advising the minister and the commissioner on matters pertaining to statutory acts and benefits under part VI—

**Mr Tilson:** So much for independence.

**Mr Harnick:** —and I think it's very appropriate that we talk about and understand what goes on at the Ontario Insurance Commission, because only then can we understand the importance and necessity of having a committee to ensure that the process is working.

I think, just as an aside, now that we know that there's going to be at least one committee, assuming that this bill ever sees the light of day, we should probably consider calling it the Monte Kwinter committee, because he's the one who I suppose we can thank for ensuring that there's going to be at least one committee. I really would like to recommend to the parliamentary assistant that we name that committee, because I see the important section, which is subsection (2), says, "The minister shall assign a name to each committee." So we can call at least one committee the Monte Kwinter committee.

**Mr Tilson:** Agreed.

**Mr Harnick:** I just figure that Mr Endicott must have stayed up nights thinking of that subsection 7(2), a name for the committee, and you know, Mr Chair, when we analyse this section really carefully, I'm surprised that Mr Endicott didn't say we should not only have a name for each committee but everybody should be given a title.

**Mr Tilson:** Name it after the seven dwarfs.

**Mr Harnick:** That's right.

**The Chair:** Mr Harnick, I think it's clear in the amendment that it's the minister who will assign the name and not the committee.

**Mr Harnick:** I'd just like to put it on the record to ask the parliamentary assistant to speak with the real powers here, Mr Endicott, Mr Tully and I suppose the minister, to recommend that we call this the Monte Kwinter committee.

I see, Mr Chair, that the bells are ringing. What does that mean?

**The Chair:** Mr Harnick, you're very observant and my suspicion is it may be a quorum call. If we just sit tight for a minute, I'm sure we can—

*Interjection.*

**The Chair:** I suspect that indeed it was a quorum call. Mr Harnick, would you like to continue?

**Mr Harnick:** At any rate, I just would like to recommend to the parliamentary assistant that he speak to those very powerful people who are going to be setting the agenda for innocent accident victims in this province, Mr Endicott and Mr Tully, the people who all innocent accident victims are going to have to rely on in terms of compensation when they're badly injured in accidents, to ask those very powerful individuals to consider calling this committee the Monte Kwinter committee. I might remind the members of this committee that Monte Kwinter was once the Minister of Financial Institutions. I think it would be very appropriate. It's an important committee.

1610

I'm quite sure there's probably no one on the government side who's ever taken the time to get on the red rocket—that's the little train that runs under Yonge Street, and it goes right up to the city of North York, Willowdale, the riding I represent. There's a stop right at the North York City Centre. You don't even have to go outside to go underneath the street and end up in the very building that the Ontario Insurance Commission exists in.

I will bet you that not one single opposition member or government member—I shouldn't say "opposition," because I've been to the Ontario Insurance Commission and I'm sure that my friend Mr Tilson has been there—I will bet that not even the parliamentary assistant has gone up to see how the Ontario Insurance Commission operates. That would be my bet. If I asked every



government member who is here, I would bet they don't even know—

**Mr Wiseman:** On a point of order, Mr Chair: Under our standing orders, we are confronted with the rules that say that repetition and being off topic are not acceptable. I would like you to rule on this and to get us back on to the section and to get us proceeding with this bill.

**The Chair:** Indeed that's correct, Mr Wiseman. Mr Harnick, would you like to continue.

**Mr Harnick:** At any rate, as I was saying before Mr Wiseman's untimely interruption, the Ontario Insurance Commission is located right on Yonge Street, right in the heart of my riding, and in that building every day arbitrators and mediators—

**Mr Klopp:** On a point of order, Mr Chair: Normally, people say if they're in favour of the motion or against the motion and then talk about the motion. Are you in favour of this amendment to this motion or against?

**Mr Harnick:** I am winding my thought process up, Mr Klopp. In answer, I have a chance to give you a travelogue through the—

**The Chair:** Order. Mr Klopp, thank you for that point of order. Mr Harnick, would you please continue.

**Mr Harnick:** I don't want to leave Mr Klopp in suspense, so I'm just going to tell him how I intend to go about discussing this. If he wants to leave, I don't want him to leave with a question in his—

**Mr Klopp:** Not knowing whether you're for or against it.

**Mr Harnick:** That's right. I don't want him to leave with a question in his head and I don't want him to have to worry about this all weekend.

In the course of my travelogue through the riding of Willowdale, I might tell you that the Ontario Insurance Commission is in a building adjacent to the North York City Centre. The North York City Centre contains the new North York Centre for the Performing Arts; adjacent to that is the North York Board of Education; adjacent to that is the North York city hall, which includes Lastman Square, and then there's a building that has the Ontario Insurance Commission. So obviously, if the Ontario Insurance Commission is located in the very heart of the city of North York, the riding that I represent, it must be a very, very important commission.

I tell you that the North York City Centre is an important place, certainly in the life of every person who lives in my riding in Willowdale, and the Ontario Insurance Commission—

**Mr Tilson:** What's the name of that riding again?

**Mr Harnick:** That's Willowdale. Right in the heart of Willowdale exists the Ontario Insurance Commission.

People laugh when I say this, but the Ontario Insurance Commission plays with the lives and affects the lives of countless accident victims.

**Mr Wiseman:** On a point of order, Mr Chair: I think I would take exception to the word "plays." "Plays" infers that the people in that commission do not take their work seriously and that they would wantonly manipulate and not take into account the real needs of those people.

**The Chair:** That's not a point of order, Mr Wiseman. However, I'm sure it's certainly a point of very valuable information.

**Mr Wiseman:** I would disagree with the use of the word "plays."

**The Chair:** Mr Harnick, if you wouldn't mind—

**Mr Harnick:** You know—

**The Chair:** And, Mr Harnick, I might remind you that you have been very repetitious and you're not allowed to be repetitious under our orders. You know that, Mr Harnick; you know that so clearly.

**Mr Harnick:** Mr Chairman, if Mr Wiseman would not—

**Mr Tilson:** It's all news to me.

**Mr Harnick:** —interrupt me, I wouldn't have to keep going back, because I can only do it if I start at the beginning. If I get interrupted in the middle, I've got to go all the way back to the beginning and start again. And Mr Wiseman, the educator from Durham West—is it Durham West?

**Mr Tilson:** That's where the dump is.

**Mr Wiseman:** Do you bill your clients on the same basis?

**Mr Harnick:** Is it Durham West?

**Mr Wiseman:** Yes.

**Mr Harnick:** The member for Durham West, the place where they're going to put two dumps in—

**Mr Wiseman:** You don't get that right, either. I hope you don't charge your clients on the basis of accuracy.

**Mr Harnick:** Mr Wiseman is a teacher and educator and I think he knows that the word "play" is subject to more than one meaning. If he wants to impute into the word "play" the idea that the people involved at the Ontario Insurance Commission play all day, well, that's up to Mr Wiseman's narrow-minded outlook on the dictionary. But, quite frankly—

**Mr Owens:** Is that unparliamentary? You missed this morning's session, where we all agreed that we were trying to do this bill, we would get through it, and we wouldn't use—

**The Chair:** Mr Owens.

**Mr Tilson:** That's what we're trying to do. Will you give him a chance? He's trying to debate the bill.

**The Chair:** Mr Harnick, would you—

**Mr Winninger:** Point of order, Mr Chair: I have to go and speak to the Willowdale-Thornhill chapter of the Association of Professional Engineers tonight and I thought perhaps Mr Harnick might go off and get me directions for that place as well, and perhaps when he got back we'll have made some progress on some more sections of this bill.

**Mr Harnick:** Well, tell me, if my good friend from London South—

**Mr Winninger:** That's correct. I'll give you directions later.

**Mr Harnick:** Well, if he would like directions, if he'd just give me the address—you know what? I'm probably on my way up to the riding at 6 o'clock—

**Mr Tilson:** Give him a lift.

**Mr Harnick:** I'll give him a ride right to the doorstep, assuming it's in Willowdale and not in Thornhill.

**Mr Winninger:** Well, it's hyphenated, but could you go off and perhaps find those directions for me so we can make some progress in your absence?

**Mr Harnick:** No, because I—

**The Chair:** Order, please. Mr Harnick, if you would like to speak relevantly to the section of the bill, it would be much appreciated by the Chair because, indeed, as you know, Mr Harnick, if you don't speak with relevancy and if you are repetitious then you will be ruled out of order.

**Mr Harnick:** But the problem, Chairman—and I wish you would call off your wolves here—

**The Chair:** I have no wolves here, Mr Harnick.

**Mr Harnick:** The problem is that your colleagues in the government will not let me get to the pith and substance of what I want to talk about, because they keep interrupting me and won't let me get there, and poor Mr Huget has fallen asleep.

**The Chair:** If you would do it succinctly, Mr Harnick, I'm sure they would not have any interest in raising points of order and I think that's clear. So if you would kindly continue.

**Mr Harnick:** Well, I'm just not as erudite as I might otherwise be. At any rate, as I was saying, you take that red rocket, it takes you right up to the Ontario Insurance Commission which is adjacent to the North York Centre—

**Mr Norm Jamison (Norfolk):** Point of order, Mr Chair: It's obvious that we're carrying on on the same basis, on the same line. As a matter of fact, if I ever needed eye transplants, I would certainly hope to get Mr Harnick's because he's never used his in the sense of vision.

**The Chair:** The first part of your comment certainly was a point of order, Mr Jamison, and very much

appreciated by the Chair, let me tell you. Mr Harnick, if you would indeed please get on to the relevancy of the bill and of this committee and not be repetitious. Otherwise, Mr Harnick, I will have to rule you out of order and go on to the next debater.

**Mr Harnick:** Just as an aside, Mr Chair, I was really intrigued with what Mr Jamison said. I didn't understand it, but—

**The Chair:** The first part, which I responded to, was in order; his comment wasn't, Mr Harnick. So if you would just continue, please.

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**Mr Harnick:** At any rate, I keep trying to tell you that the Ontario Insurance Commission is a very important place because it affects and plays on the lives of every person who comes before it. Because my friends in the Liberal Party eliminated the right of innocent accident victims, except for the 3% who reach the threshold, to claim their compensation from the wrongdoer, the net effect of that has been that an enormous number of people have to go and seek their reparations before the Ontario Insurance Commission. That may come as a surprise to my friends in the government.

When those people go to the Ontario Insurance Commission, all they can claim is a portion of their loss of income. They cannot claim all of their loss of income. They can under the Liberal bill; they won't be able to under Bill 164, so what happens at the insurance commission becomes even more important for the innocent victim, because the innocent victims can't claim their actual loss of income. All they can claim is what the insurance commission will ultimately—

**Mr Owens:** A point of order, Chair: With respect, the section under consideration does not address the functionality of the commission per se. It's merely a mechanism for the minister to appoint one or more accident benefits committees, and a function of the committee has absolutely nothing to do with, again, whether it's a travelogue on the TTC or how one would get there via the Don Valley Parkway. I would suggest that—

**Mr Harnick:** No, you don't go by the parkway.

**Mr Tilson:** It's too long.

**Mr Owens:** —we move on.

**The Chair:** Mr Owens, you raise a valid point of order, and I'd like to remind—

*Interjection.*

**The Chair:** Mr Harnick. I'd like to remind Mr Harnick that if he continues not to be relevant with regard to dealing with the clause-by-clause of Bill 164—and indeed my role here is to make sure that the business of this committee is conducted—then I'll have to rule him out of order and we'll move on to another debate here.



**Mr Harnick:** Let me tell the parliamentary assistant something. Statutory accident benefits are dealt with by the Ontario Insurance Commission. They are the final arbiters. The committee—and I'm getting to this. I know it's hard for you people to think quickly and get ahead of yourselves, but the committee—

**Mr Owens:** On a point of order, Chair: The personal comments are not required and not necessary. The language that is being used by the member for Willowdale is not only inflammatory, but again, as the member was not here this morning, he did not see that the committee was conducted with some level of decorum, which I'm sure the member maybe has use for when he presents himself in court.

However, the section that's under debate at this point has absolutely nothing to do with the personal comments that the member is making, has absolutely nothing to do with a travelogue, and I request again that the Chair rule the member out of order and that we move on.

**Mr Harnick:** I was just getting to the point.

**The Chair:** It would be greatly appreciated if all members were to be, certainly, ethical and polite in their dealings and certainly not use language or comments that were inflammatory or unparliamentary. And I agree, I think that's certainly a very positive thing. Mr Harnick?

**Mr Harnick:** I was just about to get to the part that made this relevant, and that's the fact that this committee that we now have established must be set up is the committee that becomes the liaison between the Ontario Insurance Commission and the minister. You cannot belittle the importance of this committee, and what concerns me is the fact that we are taking, and it seems to me somewhat reducing, the functions of the committee in our amendment.

You may think that I'm playing games here, but I'm really not, because I've been to the Ontario Insurance Commission and I see what goes on there. When there are irregularities in the process, not due to anybody's particular fault, we have to have a mechanism that can correct those irregularities in a timely way, because if the irregularities are not corrected, people who are injured end up getting thumped and boiled when they go to the Ontario Insurance Commission. It's very important. You cannot belittle the importance of this section.

I appreciate that nobody thinks I'm on topic but, quite frankly, I'm very much on topic. This committee is going to be the pipeline to the minister of the day, and if there are problems at this commission, if there are problems in terms of the way people are able to prosecute their cases, then it's very important that the minister be able to deal with this in a timely manner.

Let me give you an example. I know there have been

a number of cases at the Ontario Insurance Commission and the issue at that commission is always twofold: (a) How much money can the persons who are injured establish they were making at the time of the accident? (b) Were they badly enough injured to be deemed properly absent from their employment? Those are very, very difficult questions to answer.

We have the blinking lights again, Mr Chair. What would you like me to do?

**Mr Owens:** Wish us a Merry Christmas.

**Mr Harnick:** Merry Christmas.

**The Chair:** It's a quorum call, as indicated by the television.

**Mr Harnick:** Are we allowed to keep going while the bells are ringing?

**The Chair:** If you would like to continue, I think that's in order.

**Mr Harnick:** As long as I don't breach the rules.

**The Chair:** Never fear, Mr Harnick. If you breach the rules, I'll remind you of it very quickly.

**Mr Harnick:** Now, let me explain how difficult it is to establish those couple of issues. It may well be that when you're at the Ontario Insurance Commission, in order to establish how much money you're making, you may have to have an accountant come there. You may have to have someone come there who can interpret income taxes if you're self-employed. You may have to have an actuary calculate your income ability based on your past history of earning and to determine what your future history of earning might be. You might have to have your employer come from the workplace to establish that you were employed, what you were earning and what your entitlement might otherwise be.

You've got other issues. You've got issues of collateral benefits, which collateral benefits have to be taken into account in establishing your 90% of net or your 80% of gross, depending whether you want to be in the Liberal plan or in the NDP plan. But the fact is that those are difficult issues.

At the same time as you're at this Ontario Insurance Commission, you've got to establish what your injury is. You've got to establish that your injury makes you disabled from attending your employment. Again, establishing that your injury is severe enough is a very difficult proposition.

If you people think that by dumping everything into the Ontario Insurance Commission you're streamlining the process, you're not. You're just forcing people to move their trials from 361 University Avenue or from the various county courthouses around this province to the great riding of Willowdale.

They're just going to move the venue to Willowdale and they're going to come to Willowdale and they're going to put on full-blown trials where they have

witnesses, where they have professional people appearing and where you have arbitrators trying to make difficult decisions, and lawyers—and I know you hate lawyers because lawyers work hard to try to look after injured people—but some of the people who go there are going to need lawyers because they may have been cut off from their benefits. They may not have received a benefit for a year and they may be looking at \$600 a week; they may be looking to the commission for \$30,000. That's a lot of dough.

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When we have to set up a committee, we want that committee to be responsive to the needs of the people who attended the insurance commission. I know that you don't think what I'm saying is relevant but I can tell you, Chairman, that even though you sit on this committee and even though you're all in favour of Bill 164 because that's what the government tells you you have to be in favour of, none of you has taken the time to take the red rocket to Willowdale to see what goes on at the Ontario Insurance Commission, so how can you go ahead and determine what this committee shall do? How can you even say that I'm not on topic? You haven't even taken the time to go there and see what the commission does.

**Mr Tilson:** Maybe we should look.

**Mr Harnick:** This commission has an enormous effect on the lives of every accident victim in Ontario. When I take a look at the original bill, the bill as it looked when second reading took place on October 13, 1992, a year or almost 11 months after first reading—we've been doing this for a long time and we still haven't got it right—I start to get a little nervous when I see an amendment that comes along and really tends to reduce the jurisdiction of this committee.

I take a quick look and I see in the bill—and just so that you can better follow along, it's section 3 of the bill, which is section 7 of the act, which is being repealed, and that's on page 2—the heading opposite the section says "Accident benefits advisory committee." It says:

"The minister shall appoint an accident benefits advisory committee," and I'll just stop there for a moment, because we know that the first attempt here was to slip in the word "may." Red flags start going up when I see the government taking away something that provides it with a definite obligation and it slides in the word "may," which gives it a little too much flexibility for my liking.

But at any rate, because Mr Kwinter was so astute and we now have the Monte Kwinter amendment to subsection 7(1), which is section 3 of the bill, we know that at least one committee must be set up. I'm quite pleased that the government recognized that and had the flexibility to make what I think is a proper change.

**Mr Klopp:** I support this.

**Mr Harnick:** I hope that the government's attitude in making this amendment will be a reflection of how it's going to proceed when we get to the guts of this bill, which are set out on page 16, when we get to section 267.1. I hope that new attitude of the parliamentary assistant carries over.

**Mr Owens:** Give me a chance.

**Mr Harnick:** At any rate, we get down to subsection 7(2), which is section 3 of the bill. I could never figure out how section 7 is section 3 of the bill. Some day I'm going to have to try and figure that out. Legislative counsel is going to have to explain all that to me.

It says, "The minister shall assign a name to each committee." I wouldn't mind if you changed that "shall" to a "may," quite honestly, because I think that's one of the silliest subsections I've ever seen in a bill. If you really want to do it right, you should say, "The minister shall assign a name to each committee and a title to everybody who sits on it," and then everybody can feel good. But I'm not going to dwell on that section because it's much ado about nothing.

But at any rate, then we get on to the duties, and the duties are somewhat changed about and that causes me a little bit of concern. In subsection (3) it says, "A committee shall"—and I like this—"advise the minister and the commissioner on such matters relating to statutory accident benefits under part VI as the minister or commissioner may refer to the committee."

That says to me that, if there is a problem, the committee must advise the minister and the commissioner on matters relating to problems with statutory accident benefits. I think I'm a little concerned that they can only deal with—the words are—"benefits under part VI as the minister or commissioner may refer to the committee."

I think we should have a committee that is vigilant of everything that goes on at the Ontario Insurance Commission, and we shouldn't necessarily have to wait until the commissioner or the minister refers an issue to the committee because, quite frankly, it's all happening at the Ontario Insurance Commission. I suspect—

**Mr Tilson:** On a point of order, Mr Chair: This morning we discussed several issues as to the possible delaying of certain sections in this bill, specifically areas that might deal with the long-term care paper that was presented and possibly the issue of matters involving the new regulations that are going to be prepared by the ministry.

I think the comments of the member for Willowdale are most useful and I think we should hear more from him on these areas, but as I'm sitting here listening to him, it seems to me that it would be more appropriate that this be one of the sections that perhaps should be delayed to a later date, when we can have a proper



review of the long-term care paper and possibly the regulations.

**The Chair:** That's not a point of order, Mr Tilson. A point of information, most certainly, but not a point of order.

**Mr Tilson:** Well, Mr Chairman—

**The Chair:** It's not a point of order, Mr Tilson.

**Mr Tilson:** The fact of the matter is, Mr Chairman, it was my understanding the parliamentary assistant undertook this morning that he would communicate with the minister and that certain sections of this—

**The Chair:** According to our standing rules, Mr Tilson, that's not a point of order. It certainly is a point of information, and you're out of order.

I certainly hope Mr Harnick doesn't want to start all over again, because he might be out of order.

**Mr Harnick:** I've got to go back to that red rocket running up Yonge Street—

**Mr Klopp:** I've got a good memory. Trust me.

**Mr Wiseman:** I know where you were. Keep going.

**Mr Harnick:** Where was I?

**Mr Wiseman:** You were getting to the best part.

**The Chair:** We were talking about duties, Mr Harnick.

**Mr Owens:** Murray's back already.

**Mr Tilson:** You have to repeat it. Murray's here.

**Mr Harnick:** Murray's here. I have to start it all over again so I can bring him up to speed.

**Mr Elston:** I wanted to get in before the committee votes.

**The Chair:** That would certainly be out of order, Mr Harnick.

**Mr Winninger:** You'll never get him up to speed.

**Mr Harnick:** Murray's pretty bright.

**The Chair:** You were at "duties," Mr Harnick.

**Mr Tilson:** Do you want to hear what he said?

**Mr Elston:** Yes, if he can repeat it.

**Mr Harnick:** At any rate—

**Mr Elston:** Is there a Hansard of this? Maybe I could read about it instead of having him repeat it all.

**The Chair:** Mr Harnick, if you would like to continue.

**Mr Harnick:** I take a look at this section 3 of the bill, which is section 7 of the act. I'm looking at the bill that was given second reading on October 13, 1992, on page 2. One of the things it says about this committee is that the committee should "advise the commission concerning procedures to be used during arbitrations." When I look at the new subsections, that is gone.

I just don't see it under the word "duties" on the government motion 1, which is the one that is now

reading "shall appoint" as opposed to "may appoint." It says it can "advise the minister and the commissioner on such matters relating to statutory benefits under part VI as the minister or commissioner may refer to the committee," and then it goes on to say it can "perform such other functions as are assigned to the committee by the minister or the commissioner," and it says, "perform such other functions as are prescribed by the regulations."

What bothers me is that although we've made the Monte Kwinter amendment, where we replaced the word "may" with the word "shall," the reason the government has capitulated, I believe, to do that is because it realizes that the duties of the committee are emasculated. If you take a look at clause 7(c) of the bill on page 2, the committee has some might, but if you take a look at government amendment number 1, you've completely destroyed the ability of the committee to perform its most important function: "to advise the commission concerning procedures to be used during arbitrations."

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Everybody knows that under Bill 164 you're killing every innocent accident victim in this province with this piece of legislation, and all you're giving them is the Ontario Insurance Commission. You're saying you can't sue for your economic loss. You're going to have a high threshold: Your injury has to be a \$50,000 or \$60,000 injury to get anything out of it, to almost be compensated on a dollar-for-dollar basis. So the only place the innocent accident victim has to go to is to the Ontario Insurance Commission, and now you're going to set up a committee that can't maintain the integrity of that commission in such a way that it can help the insurance industry and it can help the innocent accident victim, or, for that matter, the at-fault accident victim.

Let me tell you, it's not just accident victims who have difficulty with the Ontario Insurance Commission, because on every one of those cases the insurance company is on the other side, and it has to put up with all kinds of craziness. They have to put up with people who have been told that they have to get exercise, so people put in claims for tractors to shovel snow off their lake so they can go out and skate and get their exercise. Believe it or not, that's the truth. Can you imagine? A victim of an accident is told by a doctor to go and get exercise, so he goes down to Sears and buys a little snowplow to plow the lake off so that he can go out and skate, and then sends the bill into the Ontario Insurance Commission. Well, that's just nuts. Stuff like that happens, and it kills it for every accident victim.

**Mr Elston:** You're never going to be one of the arbitrators. You prejudge the circumstances. You've got to keep an open mind.

**Mr Harnick:** There are certain cases that just come to roost, so I point that out—

**Mr Klopp:** That's really happened, has it?

**Mr Harnick:** That's really happened. I point that out—

*Interjections.*

**Mr Harnick:** Let me finish.

**The Chair:** Order. Mr Harnick, would you please continue.

**Mr Harnick:** I'm trying, but the questions are coming at me so fast, Mr Chair. If you'd like me to take questions, I can stop now and take questions, and then we can carry on.

**The Chair:** Indeed, if Mr Klopp would like to ask a question—

**Mr Klopp:** Not really.

**The Chair:** No? Apparently he doesn't, Mr Harnick, so if you'd like to continue.

**Mr Harnick:** The only reason I give you that example—I don't mean to denigrate an individual who appears before the insurance commission who's legitimately injured, but I give you that example to show you that insurance companies are also players in this. If this committee can't be involved in advising of the procedures used before the arbitrator, then you've really taken away one of its prime functions.

There are other examples too. I am often accused of being very biased towards the innocent accident victim, and in many situations I am, but there are some really strange things that happen before the Ontario Insurance Commission. There are people who are claiming loss of income at times when they're not paying their income taxes. What do you do in a situation like that?

Mr Klopp's looking at me and he's got a puzzled look, so if I can just address this; you stop me if I'm losing it.

There are people who go to the Ontario Insurance Commission—and this is an area we have to deal with; we have to have a mechanism to solve this problem. People earn their income under the table, because it's advantageous and they don't pay taxes and they bring home 100 cents on the dollar. Then they get involved in an accident and they now have to prove a loss of income. They go to the Ontario Insurance Commission and say: "Here's what my loss of income is, here's the statement I prepared, here are my bank books. This proves how much I'm earning." And you ask them for their income taxes and they don't give them to you, because they say, "I don't file income tax." You can't have it both ways.

What is the Ontario Insurance Commission's obligation in a situation like that? What is the position of the commission? Should the commission say, "We'll grant you your loss of income, but we're also going to inform the Treasury department of the federal government that you haven't been paying your income taxes." That's

what a judge does.

**Mr Owens:** Is this related to the section?

**Mr Harnick:** Oh, it's very much related to a section, Mr Owens. If you take a look, Mr Owens—

**Mr Owens:** You're stretching, stretching.

**The Chair:** Mr Harnick, you have the floor.

**Mr Harnick:** I know, and Mr Owens says again that I'm not on point. What I want to point out to you, Mr Owens—have you got your bill in front of you?

**Mr Owens:** Absolutely.

**Mr Harnick:** If you turn to page 2—

**Mr Tilson:** Look at section 3.

**Mr Harnick:** And look at section 3, which is section 7—I don't know how section 3 could be section 7. I can't get used to section 3 being section 7, but if you take a look at section 3, which is section 7, and you go down to clause (c), you see:

"The minister shall appoint an accident benefits advisory committee,

"(c) to advise the commission concerning procedures to be used during arbitrations."

I don't see that section in your amended form. Because that section isn't there, that's why you're happy to change the "may" to a "shall," because you've completely taken any significant function out of the duties section by your amendment. You're shaking your head at me, but I'm asking you. Maybe I'm missing it. Maybe I'm missing what you're shaking your head about, but I don't see in black and white in the amendment anything that says, "The minister shall appoint an accident benefits committee to advise the commission concerning procedures to be used during arbitrations." I don't see that there. All I see is, "to perform such other functions as are assigned to the committee by the minister or the commissioner." Well, the minister or the commissioner don't have to assign anything, and then the committee's useless. Or to "perform such other functions as are prescribed by the regulations." Well, maybe there will be no regulations, because the cabinet will say: "We don't want this committee to do anything. It's nice window dressing, it's good public relations, but we don't want this committee to do anything, so therefore, we're not going to make any regulations."

So we're going to have the Monte Kwinter committee, which because of Mr Kwinter's amendment you now have to set up; the Monte Kwinter committee is going to be set up and you're not going to give it anything to do.

**Mr Klopp:** That's a question, right?

**Mr Harnick:** Well, it's a rhetorical question, Mr Klopp. The fact of the matter is that I don't see in the government motion number 1, which is section 3 of the bill, which is section 7, at clause (c), the same words as I see in the original bill that was given second reading,



and I don't know why that is. I think you're trying to pull a fast one.

**The Chair:** I would like to just bring to your attention, Mr Harnick, the PC motion, which I have no doubt you're very familiar with, which also mentions section 3 of the bill and section 7 of the Insurance Act. I was wondering if that has any relevance.

**Mr Harnick:** No, it doesn't.

**The Chair:** Carry on then, Mr Harnick.

**Mr Harnick:** As a matter of fact, if you take a look at the PC motion—I'm glad you brought this up, because it's worth talking about right now. It's relevant because the Chairman brought it up. You see, if you take a look at the PC motion, it's dealing with section 3 of the bill, which is section 7 of the Insurance Act, but it specifically deals with section 7—

**Mr Wiseman:** You've got it now.

**Mr Harnick:** No, I don't understand it. That's what the words say, but I don't understand it. At any rate, it deals with—you see, the Chairman isn't even listening to me. Mr Chairman, I'm trying to explain this to you, but you don't even want to listen. I thought you were an attentive Chairman, but you're just sort of sitting there and having a whole conversation with the parliamentary assistant, and I really find that quite offensive. You asked me a specific question and now you don't even want to hear the answer. You're going to have a whole conversation with the parliamentary assistant, and I'm responding to the question that you asked me—

**The Chair:** Mr Harnick, order. Mr Harnick, because you seem to be predisposed to the fact that section 3 of the bill, section 7 of the Insurance Act, is something you don't understand, I just brought it to your attention that as it was in the PC motion, and I thought you would be familiar with that, I was wondering why you would not understand it in this motion but surely to God you would understand it in your motion.

**Mr Harnick:** Sir—

**Mr Tilson:** A point of order, Mr Chairman.

**The Chair:** I wasn't asking a question. I was just bringing it to your attention, Mr Harnick. Indeed, I was not ignoring you at all.

**Mr Tilson:** A point of order, Mr Chairman.

**The Chair:** Mr Tilson.

**Mr Tilson:** The PC amendment is an add-on.

**Mr Harnick:** I'm about to talk about that.

**The Chair:** And indeed we're not discussing the PC motion. I only raised it—

**Mr Harnick:** You raised it.

**The Chair:** —just for your information, to make it perfectly clear.

**Mr Harnick:** And I'm going to tell you, what you raised—

**The Chair:** Mr Harnick seems to have a great deal of difficulty understanding section 3 of the bill, section—

**Mr Harnick:** No, I don't. Mr Johnson, I don't have any difficulty—

**The Chair:** Mr Harnick, I'm hearing two different messages from you and it's very confusing for me as the Chair to try and understand this.

**Mr Harnick:** Well, I'm going to explain it. If you would stop talking to the parliamentary assistant and listen to the answer I'm trying to give you to the question you posed, you're going to understand it perfectly.

**The Chair:** Mr Harnick, I never posed a question. Quite clearly, Mr Harnick, I didn't pose a question.

**Mr Harnick:** Well, you did. We can go back and look in the Hansard, but I don't want to bother anybody to do that.

**The Chair:** Indeed, I'm sure you will.

**Mr Owens:** I have a point of order.

**The Chair:** A point of order, Mr Owens.

**Mr Harnick:** Mr Owens, you're wasting our time. We're never going to get through this section.

**Mr Owens:** Mr Chair, whether the member for Willowdale realizes it or not, it is appropriate from time to time for myself as a duly constituted member of this committee to request advice from the Chair on procedural issues and other such matters that may be appropriate. So if that so offends the member, then perhaps he can go to his House leader and ask for a change in the standing orders.

**The Chair:** That's not a point of order, Mr Owens.

**Mr Harnick:** Now I feel much better, Mr Owens, because now I understand why you're here. Now I know what it is that you do. But at any rate, the part I don't understand, Mr Johnson—

**Mr Wiseman:** He doesn't know how to read legislation. He doesn't know what a parliamentary assistant does.

**Mr Harnick:** Well, I'm not a smart guy like you, Mr Wiseman, you know, the man with the dumps. I'm not as smart as you. I just—

**Mr Wiseman:** Just a bad memory, eh?

**Mr Harnick:** At any rate, what I don't understand—and I was saying this in a jocular sense because I was looking at counsel—I don't understand how they do the numbering. I'll never understand how they do the numbering. But what you brought up, Mr Johnson, is very, very important because—excuse me?

**The Chair:** I said nothing, Mr Harnick.

**Mr Harnick:** I thought he was getting ready to confer with you in the course of his job again.

At any rate, what you bring up is very, very import-

ant, because the Tory motion is not an amendment to clause (c), it's an amendment to clause (b). I think that the Chairman, if he takes a look at motion 1A, will see the number 7(b) beside it, not 7(c). I'm talking about 7(c), and 7(c) in this bill here, on page 2, is vastly different from 7(c) in the government motion.

So where the government tries to tell us that by changing the word "may" to "shall" they're doing anything for us, they're really not, because what they're doing is taking away the most important parts of the section. They're creating a committee, which they have to create, that doesn't have jurisdiction to do anything. So you really haven't done anything for us.

But at any rate, because Mr Johnson brought it up, it's got to be relevant. The Chairman would never bring up anything that isn't relevant. If you take a look at the motion that I know we'll be speaking about probably at some length later on, clause 7(c) as proposed in the PC motion indicates—

**The Chair:** That's out of order, Mr Harnick.

**Mr Harnick:** You brought it up.

**The Chair:** No, I didn't, Mr Harnick.

**Mr Harnick:** Well, you were the one—

**The Chair:** No, I didn't, Mr Harnick.

**Mr Harnick:** Then I'll just go right back to doing this. You were the one who indicated that the motion that was made by the Conservative Party was the same as the motion I'm now arguing is not proper. That's exactly what the Chairman said.

**The Chair:** No, I didn't, Mr Harnick.

**Mr Harnick:** Well, I want to tell you that you'd better take a look at the Hansard and you'd also better take a look at PC motion 1A and you'll see that there's no resemblance whatsoever between the government motion, which I'm criticizing, rightfully, and the motion in 1A, which is totally different.

**The Chair:** That's right, Mr Harnick. So if you would continue to debate the government motion, it would be much appreciated by the Chair.

**Mr Harnick:** I'm going to continue doing that. It concerns me very much to be told that motion 1 and motion 1A are one and the same. Motion 1A deals specifically with the setting up of an advisory committee for motorcycles, and I don't see the word "motorcycles" anywhere in government motion number 1. So for the Chairman to tell me that I'm, in effect, arguing against my own motion is absolutely wrong.

I'd like the Chairman to read the PC motion and see that the PC motion is a motion that will empower this committee to do certain things. It will empower the committee to have a real function. Unfortunately, under government motion number 1, the committee has no function. The function is totally left to the discretion of the minister or the commissioner. It seems to me that is

a very weak and virtually useless committee. The minister does not have to empower that committee to perform any function at all.

The other point I would like to make is the idea of, "The minister or commissioner shall assign to one of the committees the function of recommending persons to conduct arbitrations under this act," a very important section because the minister, by assigning that very important duty, doesn't tell us in this regulation who should be making up the committee.

Who's qualified to decide who an arbitrator can be? These are the people who are going to be the judges. They're the people the insurers and the injured accident victims are going to have to rely on. Are we going to appoint the party faithful? Is that what we're going to do? Are these appointments going to be vetted before the committee at Queen's Park?

These are very important appointments, and I think that the section, because it assigns this very important duty to the committee, should be much more explicit in determining the type of person we want to be an arbitrator. Are there some qualifications you need to be an arbitrator? Do you have to have any experience being an arbitrator? Do you have to take any courses to become an arbitrator? Should you be a mediator before you're an arbitrator? All of these are very important issues.

**Mr Huget:** Or vice versa.

**Mr Harnick:** Or vice versa. But the fact is that the lives of a lot of people are going to be depending on who the arbitrator is going to be.

So those are, very briefly, my introductory remarks dealing with section 3 of the bill, which is section 7 of the Insurance Act. I am dismayed that the item that is in the bill as set out after second reading, which is specifically clause 7(c), "to advise the commission concerning procedures to be used during arbitrations," is absent from the government amendment. Those are my preliminary comments.

**1700**

**Mr Elston:** On a point of order, Mr Chair: Although Mr Harnick has done very well in bringing me up to date on this particular debate, can I ask the actual status of what was described as Mr Kwinter's amendment? Has it actually been voted on, or it has been proposed?

**Mr Klopp:** No.

**Mr Elston:** It's been proposed and generally accepted, is that it?

**The Chair:** Yes, it's been proposed, Mr Elston.

**Mr Elston:** That's the one that's changing "may" to "shall."

**The Chair:** Exactly, correct.

**Mr Owens:** Mr Harnick, notwithstanding.

**Mr Elston:** I was just asking the question.



**The Chair:** Further debate? Mr Tilson.

**Mr Klopp:** Didn't he have a question, why clause (c) wasn't in the act?

**The Chair:** I think they were just opening remarks, Mr Klopp.

**Mr Klopp:** It sounded like a question. I'd like that question answered. I think really it was a question.

**Mr Owens:** I'd like to thank my colleague for the opportunity to answer the question, and in fact the issues with respect to arbitration and mediation that Mr Harnick, in what could be characterized as a protracted manner, described and the importance thereof are part of part VI of the act as described in subsection (3).

**Mr Klopp:** Okay. So it's there, then.

**Mr Owens:** Absolutely.

**Mr Klopp:** That's why it was deleted now, because it was already there.

**Mr Owens:** It's there in a less verbose form, but the functions and the purpose of these committees are to advise the minister or the commissioner, and some of the issues that were raised by Mr Harnick with respect to who, what, where and how around arbitrators and qualifications would be something that a committee, as established under this section, could be requested to look at.

**Mr Tilson:** With respect to the amendment, which I think is appropriate, I have a question with respect to the amendment and that is, when you look at subsection (4), which says, "The minister or commissioner shall assign to one of the committees the function of recommending persons to conduct arbitrations under this act," the section, as amended, in subsection (1) says, "The minister shall appoint one or more." In other words, there could be just one. So do I assume that the one committee would also take on the role as in subsection (4), and if so, would that create a conflict?

**Mr Owens:** If one were going to take the view that there was only going to be one committee appointed, then it would be a natural assumption that this function would be part of that committee. However, that is not the view that we subscribe to and in fact the reasoning behind this amendment, as I explained earlier, is to provide the minister and the commissioner with some level of flexibility around the establishment of committees; that's "committees," plural.

**Mr Tilson:** I don't know whether there's a conflict or not. There may not be. My first observation is that there would be, which leads to my next question to the parliamentary assistant. The initial section, section 3, which essentially replaces section 7 of the act, names just one committee, and now we're going to have at least one and maybe more. Could you explain your rationale for that?

**Mr Owens:** Again, and not wanting to be repeti-

tious, the amendment is intended to provide flexibility to the minister in the event that he, or at some point down the line she, may decide that more than one committee is necessitated. In the event, and I would say highly unlikely event, that only one committee were to be formed, it is quite appropriate that the functions, as described under subsection 7(3), are clearly articulated.

**Mr Tilson:** I guess my question really is that at one point in time the minister felt that a committee, an accident benefits advisory committee, could handle all of these functions. Now it's being suggested that the committee may not be able to handle all of these functions and that you will need more than one committee. I guess what I'm asking is, what other committees do you foresee that can't handle—the committee that you foresaw in the original section?

**Mr Owens:** I think it's certainly a matter of opinion that we were envisioning that one committee would be necessary to perform all the functions that may be required from time to time. Again, you're certainly entitled to that opinion, but that's not the opinion that we subscribe to.

**Mr Tilson:** It's not an opinion; I guess it's a concern that I get into, Mr Chairman, through you to Mr Owens, particularly with the comments that are coming out with your government now about the large number of bureaucrats that we have in the system and you're concerned about salaries, you're concerned about increasing the bureaucracy. Here we have a section that's clearly going to increase, if you proceed with what you appear to be going ahead with, the number of bureaucrats who would be necessary to sit on these various committees.

**Mrs Caplan:** They'll just set up another crown corporation.

**Mr Tilson:** Well, of course.

**Mr Klopp:** So you're speaking against the motion, to put "shall" back to "may."

**Mr Tilson:** Ms Caplan just indicated that they might set up another crown corporation. That may well be a possibility. It alarms me that the intent of the government appears to be to continue with the expansion of the bureaucrats in this place.

**Mr Klopp:** So you want the word "shall" back to "may"?

**Mr Tilson:** No. My comment to Mr Klopp is that we started off with one committee and now we're going to have at least one committee and probably a number of committees. I'm just trying to determine some rationale as to why we need a proliferation of people to sit on these committees.

**Mr Owens:** In fact, these positions would not be full-time, classified positions under the Ontario public service. They would be, as stated, advisory in nature, paid per diems as per other agencies, boards and

commissions.

**Mr Tilson:** But they're still being paid, Mr Owens.

**Mr Owens:** Well, that is the current status at this time and place, however.

**Mr Tilson:** It just doesn't express the restraint that's being suggested by your government; in fact, it's going in the other direction. I just don't understand that your Treasurer and your Premier stand up in the House almost on a daily basis and talk about how they intend to proceed with restraint, not only in wages but in the number of bureaucrats, and their social contract, and yet here we have a section where clearly—maybe they'll be paid on a per diem basis, maybe it'll be something else; we don't know because you're not clear on that. But the fact of the matter is that this is a clear intent to expand the number of bureaucrats in this process.

**Mr Owens:** Again, the characterization of the committee members as bureaucrats is not accurate.

**Mr Tilson:** I don't mean to say it in a derogatory—

**Mr Owens:** In terms of fairness, which is a policy that is consistent with this government, and ensuring that people do in fact obtain some level of justice in their interactions with this commission—I think your colleague pointed out that in his view fairness may be an issue for concern. So in terms of looking at committees, it's certainly not an expansion of the Ontario public service, and there is an ability for the minister, in conjunction with other members of the government, to consult around the size, the number, the per diems that will be paid to this committee. Perhaps if that is a concern of yours, I'm curious to understand why in fact you, through an amendment that you will propose under subsection 7(2) of the act, section 3 of the bill, have proposed an entire motorcycle insurance advisory committee.

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**Mr Tilson:** Do you want to debate my section, Mr Chairman? I'd be pleased to proceed with that now.

**Mr Owens:** In terms of your point that there's an expansion of the bureaucracy, when they're in fact not bureaucrats, you, on the other hand, are prepared to propose an amendment that is going to create an entire advisory committee.

**Mr Tilson:** Mr Chairman, I'd be pleased to proceed with that.

**The Chair:** We can debate the PC motion when we get to it.

**Mr Owens:** Maybe we can move on.

**Mr Tilson:** I guess my concern is that it's unclear as to the number of persons—and I'm not saying that in a derogatory fashion either—the expansion of the civil service, which is a great concern, through this section. Perhaps I can just simply ask a question as to whether you are able to anticipate the number of persons,

whether on a per diem basis or whether on a permanent basis, who will be used in this committee or committees.

**Mr Owens:** I think you asked the minister that question in the House a number of months ago, and the answer that was given—

**Mr Tilson:** No, that wasn't the question I asked. I'd be pleased to repeat the question I asked.

**Mr Owens:** You made a comment, and it was your conjecture, after conversations, that there were going to be—maybe we should get the Hansard so that I don't misspeak the numbers that Mr Tilson quoted.

**Mr Tilson:** But that had to do with the insurance commission; nothing to do with the committee.

**Mr Owens:** That's right.

**Mr Tilson:** That was a quote from Mr Scott; it wasn't me.

**Mr Owens:** Then in fact it's the minister who will determine the committees and again, in consultation with other areas of the government, will ensure that it's consistent with our policies with respect to per diems and numbers.

**Mr Tilson:** I think that's why I'm raising the issue, to try and determine what the consistency is with the government when the Premier and the Treasurer say one thing in the House and now we appear to have another section in the bill that says something else.

In any event, I don't appear to be getting anywhere from the parliamentary assistant on this issue, and if I could proceed to another area that—

**Mr Wiseman:** Are you consistent with your leader on this?

**Mr Tilson:** I'm sorry?

**Mr Wiseman:** Are you consistent with your leader on this?

**Mr Tilson:** Of course; always consistent with my leader.

**The Chair:** Please continue, Mr Tilson.

**Mr Wiseman:** Adding new bureaucracies.

**The Chair:** Order, please.

**Mr Tilson:** What do you want me to answer? I'll be pleased to answer any questions.

**The Chair:** Mr Tilson, please.

**Mr Tilson:** One of the concerns that came out during the hearings was that it became quite apparent that the insurance commission had not been consulted in any way with respect to the implementation of this bill. That became most apparent during the hearings. This section does, indirectly and directly, affect the insurance commission. My question now is whether or not you have, with this amendment or indeed the original amendment, which is section 3, entertained any consultation process with either the Ontario Insurance



Commission or the insurance industry.

**Mr Owens:** Perhaps the member was at a different set of hearings than I was at, but I clearly don't remember that being raised as a point. If the member would like to point out to me in Hansard where the issue of no consultation with the insurance commission was raised, then I'll certainly withdraw my statement.

**Mr Tilson:** I'd be pleased—

**Mr Owens:** If I can finish this, in looking to ministry staff, including the assistant deputy minister, she assures me that there was in fact consultation carried out with the insurance commission. Again, in our view, and perhaps not in yours, it would make sense to carry out that kind of consultation as a matter of course, not as a matter of last resort.

**Mr Tilson:** There was a witness, and I can't recall his name, who appeared before the committee who was a consultant with the insurance commission and who said categorically that there had been no consultation with the—

**Mr Owens:** And if you read the—

**Mr Tilson:** Listen, I was courteous enough to listen to you. Would you let me finish?

**Mr Owens:** Absolutely.

**Mr Tilson:** The witness indicated that there had been absolutely no consultation on the overall issue of Bill 164 and the Ontario Insurance Commission. That is the information, the facts, that I'm relying on to state that at that time there had been no consultation with the Ontario Insurance Commission on the implementation of Bill 164, and it was for that reason that we asked the question in the House as to having some clarification on Mr Scott's comments that there would be need for at least 100 additional personnel to implement the provisions of Bill 164 in the Ontario Insurance Commission. So that's why I think it's quite relevant to find out at this time whether since that time you have had any consultation with the Ontario Insurance Commission on this whole issue and if you could relate to us what its comments were.

**Mr Owens:** Just in terms of my understanding and recollection of that witness, I certainly hope you don't advise your clients in this manner where their liberty or their principal residence are at stake, because it's my recollection from that particular witness that, yes, in fact the witness did allege that there in fact were no consultations with the Ontario Insurance Commission. But I further recollect—and we can certainly dig up the Hansard to verify—I did ask the witness had he not in fact been in touch with Blair Tully. I believe that the answer was yes and he did meet with Mr Tully on at least two occasions, and his testimony was completely and totally refuted. So if you're relying on this as some kind of a fact that your objections to this amendment turn on, I think you're swimming up against a river of

truth in this respect.

**Mrs Caplan:** Swimming upstream in a river of truth? Is that what—

**Mr Owens:** Against a river of truth.

**Mr Winninger:** That means he's sinking fast.

**Mr Tilson:** What is he thinking? Tell me? I've been trying to figure it out.

**Mrs Caplan:** What does that mean?

**Mr Tilson:** Mr Chairman, I don't want to participate in that—

**The Chair:** Thank you, Mr Tilson.

**Mr Tilson:** No, I haven't finished, Mr Chairman. I have a series of—

**The Chair:** Mr Elston is waiting to ask questions too, but anyway, carry on, Mr Tilson. You have the floor, Mr Tilson.

**Mr Owens:** The truth is a very hard concept for you to swallow. I understand that.

**The Chair:** Mr Owens, order. Mr Tilson, would you please—

**Mr Tilson:** Mr Chairman, I do have some other comments but, you're quite right, Mr Elston hasn't had a chance this afternoon and I would yield the floor to Mr Elston.

**Mr Elston:** Thank you very much. It's been some time since I've actually participated in committees extensively. The last time I was involved in the committees, I was in front of the agencies, boards and commissions committee which actually is supposed to look at the qualifications of people who are appointed to committees just like this, and I can tell you it's not quite as satisfactory as some people would circle it out to be. But let me ask, first, a couple of questions.

I understand, firstly, that the "may" in subsection 7(1) is going to be changed to "shall." Although you have addressed the issue of clause 7(c) as it is shown currently in the bill as no longer being required because there are other sections which will govern arbitrations, but I don't quite understand why it is that under subsection 7(3) in your proposed amendment that you have indicated that a committee shall do the following things, all of which are governed by the minister's actually doing something to give them a mandate.

In the original provision of the bill, the minister shall appoint an accident benefits advisory committee and then they are charged to advise, under (a); to make recommendations, under (b); to advise, under (c); to advise, under (d); and to perform such other functions as are prescribed by the regulations. Once they are appointed, they have an obligation to report on the benefits under paragraphs 9 to 10.1 of subsection 121(1).

It seems to me that the parliamentary assistant probably needs to explain to me how it is that, even

though there is a decision to move to having at least one committee appointed, the independence of that committee has been removed in a way which would allow only the minister to actually say, "Now, committee members, you go out and report to me on this matter" or other matters that are assigned by the minister or the commissioner. It seems to me that it's quite clear that either the commissioner and the minister must assign or the regulations must prescribe the work to be done by the committee, whereas under the previous mandate, once the committee was involved it had a positive obligation to actually go about looking at how the benefits were affecting the accident victims.

1720

The first edition of that section as it appears in Bill 164 sort of corresponds to the way it was under Bill 68 when we were going through this, because of the tremendous debate, the amount of time that we spent around the issue of whether or not accident victims were going to be routinely and fairly dealt with; and also because there were a number of areas in which, to be quite honest, there was not enough information to indicate just what problems might arise from a brand-new product. The advisory committee was put in place, not at the discretion of the minister, but at the mandate of the Legislative Assembly with the agreement of the minister of the day, who happened to be me, with a determined existence to report specifically on the benefits. That is what, it appears, in the original section 3 of Bill 164, was required there as well.

Under the amendment that's being proposed by the government, however—and I guess I should just read it very briefly:

"(3) A committee shall,

"(a) advise the minister and the commissioner on such matters relating to statutory accident benefits under part VI as the minister or commissioner may refer to the committee;"—not under any other circumstances; just under those parts that are referred—

"(b) perform such other functions as are assigned to the committee by the minister or the commissioner; and

"(c) perform such other functions as are prescribed by the regulations."

It's pretty clear that the final clause (c) of subsection (3) is exactly a repetition of clause (e) under section 7 as it now appears in the act. But it's obviously clear that the regulations can be changed at any time, with the compliance of members of cabinet to the request, so that there may not be in fact anything for the committee to really do under the regulations if the minister so determines that to be the case.

Under clause (b) of subsection (3) of section 7, as it's being proposed to be amended, the committee shall only "perform such other functions as are assigned." It's obvious, to me anyway, that the minister can actually

appoint the committee and then not decide to do anything, or the commissioner can be told not to assign any work to this committee, so that there is no ongoing review of accident benefits or other matters which need to be determined for the benefit of accident victims. Under clause (a) of subsection (3), as it's being proposed for amendment, it is only those things that "the minister or commissioner may refer to the committee."

In each of these circumstances, the committee has no separate ability to receive a report on deficiencies in this particular bill, as it had under the current section 7 in Bill 164 or as it currently has under Bill 68 or the OMPP, whichever way you want to describe it.

My view is that the protection of individual members of the public who are accident victims can only be mandated if this committee exists on its own to make a report. I would go one step further: that, as under Bill 68 where there was a requirement that there be a review of the operation of the act after a specified period of time—by the way, I don't think that report was either good enough or intense enough. I think it was designed not to be because some other things are being done. But I think the idea behind a required report on accident benefits for victims on the operation of the act is absolutely mandatory.

I think the separate existence of this committee, or committees, as it's now observed, is extremely important because, to be quite blunt about it, the minister and the commissioner don't always get into a position where they are receiving all of the information in a fashion that's timely enough for people to update these systems.

Without any question, OMPP has had, I think, fairly good reception, but it is not perfect and there are some areas in which there are about to be some improvements. That is without question. But this particular area, it seems to me, needs to be not so much permissive to the minister and commissioner as it needs to provide the committee with an independent mandate to do its work to make sure that victims are not left unhappily without an increase in their benefits.

If you could for me address those particular issues under subsection (3) of your proposed amendment, then I could move on to the second part of my intervention.

**Mr Owens:** I would like to thank Mr Elston for his what I'm understanding to be non-partisan admission that Bill 68 certainly needs improvement, and we are endeavouring to do that. In terms of the concerns by which your question is premised—

**Mr Elston:** I'm sorry, you don't know what it's premised on? The committee shall be appointed and basically there's no work for it to do unless the minister—

**Mr Owens:** May I finish my comment?

**Mr Elston:** I thought it was fairly precise.

**The Chair:** I think maybe there was a misunder-



standing, Mr Elston.

**Mr Owens:** I said the concerns by which your question is premised, just in case you didn't hear that. The concerns on which your question is premised are valid concerns. Is that okay?

**Mr Elston:** Sure.

**Mr Owens:** Okay, thank you. I just wanted to make sure we can agree with each other. In terms of how the section is structured, it's our view—and we are certainly able to be at variance with each other on this—but it's our view that this section clearly maintains the integrity and the independence that is so required and, agreed, it is very important that independence and integrity are made.

You mentioned the increase of accident benefits, that in many respects there's an automatic indexation that will occur and again, that this was a gap left by Bill 68. So to answer your question, it's our view that this section maintains the integrity, maintains the independence and allows, quite frankly, for the establishment of further committees to review issues as they arise.

**Mr Elston:** Mr Chair, if I may, that's not my point. The point is not about the independence of the committee, the point is the committees have no function unless the minister asks them to do something, or the commissioner does. Under the previous mandate, once the committee existed it could go about its business to inquire. Here it is quite clear they have no ability to do any work unless it is prescribed by the regulations, which the minister controls; they have no ability to perform other functions unless they are assigned; they have no ability to decide on any matters under the statutory accident benefits, under part VI, unless the minister or commissioner refers it to them. That's the point. I didn't argue that they can't be independent once they did it. It is just that they have no business unless the minister allows them to perform it.

1730

That's not the way it was set up originally. From my point of view, they should be given some ability to be flexible enough, when they hear of a problem, to provide advice to the minister and commissioner on their own wicket. This basically says that the minister controls the activities around the operation of accident benefits and other matters, including if the minister doesn't want any advice on the procedure with respect to arbitration, he need not ask any of these committees to do any of that work and, as a result, this committee doesn't function.

It is not, in my view, acceptable to have it permissive that the minister have these people actually functioning. It is obviously the will of this committee that the minister is not given a permissive section to appoint committees or a committee. It is mandatory that he/she appoint a committee or committees.

Now, to be compliant with that, it seems to me this legislative committee should say—we should revert, I guess, basically to say, "The committee shall advise the minister and the commissioner on such matters relating to statutory accident benefits under part VI," and stop it there and leave off this part that says only if it's referred to them.

Under (b), "perform such other functions as are assigned," I suppose that's reasonable in some circumstances, but when it is obvious that your decision has been in the amendment to cut down the number of things that they used to do, there should be some other areas of independence, in my view, that allow them to pursue holes or gaps in the proposed changes to this act.

For instance, let me be comparative. Basically there's nothing they can do here. Once they're appointed, there's nothing they can do except if the minister or commissioner says, "Go ahead and do something."

But under the existing scheme, it says: "The minister shall appoint an accident benefits advisory committee":

"(a) to advise the minister and the commissioner on the operation of the regulations...." That is a requirement. Once the committee exists—and it must exist—they advise the minister and the commissioner whether or not there is a request for that advice.

"(b) to make recommendations to the commissioner concerning persons qualified to be arbitrators." That is there whether or not the commissioner or others invite the request, because it is seen that the committee first contemplated under section 7, as it now is to be amended under section 3 of Bill 164, that there was sort of an independent review of how matters were being dealt with. So these people could see that there was a problem, they could see that there was an issue at stake and they would go to the commissioner and say: "Do this, Minister, do this. We think this has got to be done."

"(c) to advise the commission concerning procedures to be used during arbitrations." We've already heard a fair bit about that from Mr Harnick. That being as it may, it seems to me that nothing more needs to be said except that the committee, once it existed, was required to advise the commission concerning those procedures. It wasn't at the request of the commission. These people had a mandate to be involved in an ongoing examination. Then you get to (d), which was other matters as they may refer to the committee.

It is, in my view, not the question about its independence but the question that it has no mandate under your amendment, except if the minister gives it one or the commissioner gives it one. That is a real and substantial change from the nature of a committee which is designed or required under this statute and the committee which was established under the previous statute, known as Bill 68, that had an ongoing existence

to do and was mandated to do things that made sure that the accident victims' benefits were under continual scrutiny.

That's my point, not that there is a lack of independence. It is in fact that you have told somebody to appoint a committee and then you've said, "Your committee only does what the minister or the commissioner wants it to do." I think that's the difficulty with that operation, and perhaps I can get you turned back to that as an issue as opposed to the issue of independence.

**Mr Owens:** You still reference the issue of independence and that being hinged to the functionality and duties. Clearly these two areas are not impeded by this clause.

**Mrs Caplan:** Perhaps I can be helpful, if I could, Mr Chairman.

**The Chair:** If it's agreeable to Mr Tilson who so kindly yielded the floor.

**Mr Tilson:** Of course.

**Mrs Caplan:** The point that Mr Elston is making is a very important one. You stated that the intent of this legislation was where possible to improve on Bill 68. What he's pointed out to you is that this clause, section 3, which amends section 7 of the act, is not only not an improvement but it diminishes a very important aspect of the bill, that is, the scrutiny and advocacy on behalf of accident victims on an ongoing basis by a committee which is independent of the minister or the commissioner, which on its own will and volition can determine what advice to give in a mandated area.

What your amendments have done is remove the ability for them to advocate and scrutinize. While you've maintained their independence, they cannot be self-starters, if you will, and identify areas where improvements are needed and then make that advice to the minister and the commissioner. They can only respond to a request from the minister or the commissioner, and that is a significant departure from the original legislation which gave a guarantee to accident victims of ongoing scrutiny by an independent committee that would advocate on behalf of accident victims.

So this provision not only waters down the original legislation but provides less safeguards for accident victims as far as scrutiny and advocacy. That's the effect of this, and therefore you're not achieving your stated objective of improving; you're doing the exact opposite. That's what Mr Elston is so frustrated about, because it's an issue of accountability within the legislation.

**Mr Owens:** Again, it's not that I'm not understanding or seeking to evade the issue that you yourself, Mrs Caplan, and Mr Elston raise. We are simply at variance about the effectiveness of the section. In terms of how we view our amendment over Bill 68 is that again it meets our objectives and that—

**Mrs Caplan:** If you really care about the ability of an independent committee to advise the minister and the commissioner, to advocate on behalf of accident victims and to scrutinize on an ongoing basis on behalf of accident victims how this legislation is performing, to make recommendations to the minister and to the commissioner about important changes which would secure the rights of accident victims to have that form of advocacy which the original legislation, Bill 68, had for them, if you care about those accident victims, then you will leave the provisions as they are in Bill 68 and not tamper with them. That's the point.

If you choose to make this change, what you are doing is saying you don't care about that ongoing accountability and scrutiny and advocacy on behalf of accident victims. Just be clear about that. We care about that and that's why we're pointing it out to you today.

**Mr Elston:** Can I go about this in just a different way perhaps? The question maybe should be asked of the parliamentary assistant in this way: If, as members of the committee appointed, they receive a letter of grievance about how their accident victims have dealt with them, how do the committee members get to consider that particular matter? Unless, under the current proposed amendment, the minister or commissioner refers that issue to the committee, or the issue is assigned to them or the regulation prescribes it to them, there is no forum in which those committee members can raise the question of grievance raised by accident victims, in fairness, or even by people who are party to a procedure which isn't working well, and I guess that could be an insurance company or it could be a person who is a representative, an agent of someone who is in front of one of the panels that is being established.

Tell me what jurisdiction they have to consider the issue, because currently their only jurisdictions are those which are assigned to them by regulation, by the commissioner or the minister. They have no way of considering anything that comes from anybody else. So answer my question: How do these people review the grievances that come directly to their attention?

1740

**Mr Owens:** You're making a gross presumption that there is going to be a closed-mindedness and a—

**Mrs Caplan:** Trust us.

**Mr Owens:** Well, perhaps that was the way your government functioned, but please don't—

**Mr Elston:** Steve, don't be goofy.

**Mr Owens:** I'm not being—

**Mr Elston:** You were. Listen, I'm putting a case to you which is fairly reasonable. Under the current circumstances it appears under Bill 164 that if a grievance went to a committee member, he/she could take it directly to the committee member and they could examine it because they had the requirement to advise



the minister and the commissioner about the operation of part VI or whatever it is. Now, you're making that silly, ridiculous accusation. I'm being serious. Tell me, how under your proposed amendment would those members of that committee examine and then provide anything to anybody if a grievance came directly to them? Answer the question, please.

**Mr Owens:** As I've answered on more than one occasion and in a serious manner, it is the intent of this section that functions that were previously undertaken by the commission are going to be respected in terms of functionality and independence and that in terms of your point that a commission member is going to be unable to proactively bring forward a matter—

**Mr Elston:** They can't. It is only those members who may be referred, are assigned by the minister or are prescribed by the regulations.

**Mrs Caplan:** They're prohibited by this legislation.

**Mr Elston:** There is a prohibition against them bringing anything that comes to their attention directly to be considered in front of them unless they go someplace else to allow, to get permission to consider it.

**Mr Wiseman:** Mr Chair, clause 7(3)(a), "a committee shall," where it says, "advise the minister and the commissioner on such matters relating to statutory accident benefits under part VI as the minister or commissioner may refer to the committee," is a very all-encompassing and catch-all phrase that I believe would allow the committee to raise these issues and—

**Mr Tilson:** No, the question is "may."

**Mr Elston:** It says only those things that may be referred to them.

**Mr Wiseman:** No, no. The committee shall advise the minister and it's in that section where you cover—

**Mr Elston:** No, no. It says only advise the minister on the things he/she may refer to them. It doesn't say they have any independence of existence other than on the items which may be referred to them. Read it.

**Mr Wiseman:** I disagree with you. The wording is "a committee shall."

**Mr Elston:** No, the committee shall advise if the minister asks.

**Mr Tilson:** If there's nothing referred, then they don't have to do anything.

**The Chair:** If I could have some order here, I'd like to ask Mr Owens if he can—I know he's made efforts and there may be some disagreement, I guess, among the committee members, but if he could just one more time explain this.

**Mr Owens:** What I was going to suggest is to have consent to stand this amendment down so that we can maintain the sense of progress that we had up until a short time ago and we'll come back with either a clarification or further information that will hopefully

answer the questions that Mr Elston has put forward.

**Mr Elston:** Thank you.

**The Chair:** Thank you, Mr Owens. That brings us to consider this amendment, this motion, stood down until some time near in the future. Are there any further amendments to the section?

**Mr Elston:** I presume the PC amendment—

**Mr Klopp:** We'd better stand everything down.

**Mr Wiseman:** Stand the whole thing down.

**Mr Elston:** Because the next amendment presumably is the PC motion numbered 1A.

**Mr Tilson:** Mr Chairman, I will say that depending on how this section is amended, it may well be that the PC amendment is not necessary.

**The Chair:** Would you like to then stand that motion down as well until some point when we have some better understanding or better direction from the ministry?

**Mr Owens:** Let's stand it down, if you're amenable to that.

**The Chair:** Okay, PC motion 1A, we'll stand that down.

That brings us to section 4 of Bill 164. Any comments or debate? If you would like to take an opportunity to read that, Mr Owens.

**Mr Owens:** Let me for the purposes of the record read:

"4. Subsection 31(1) of the act is repealed and the following substituted:

"(1) Persons who are licensed under this act, officers and agents of an insurer, the chief agent of an insurer that has its head office outside Ontario and other persons engaged in the business of insurance in Ontario shall on request furnish the superintendent or a person designated by the commissioner with full information,

"(a) relating to any contract of insurance issued by an insurer;

"(b) relating to any settlement or adjustment under a contract of insurance; or

"(c) respecting any activities related to the business of insurance."

**The Chair:** Thank you very much, Mr Owens, for reading that into the record and refreshing everyone's memory. Any debate or comments on this section?

**Mr Owens:** Under the current legislation, the commission can only request information from persons licensed under the act: officers, agents and the chief agent of Ontario insurers. This provision under Bill 164 will mean that the commission can also demand information from other persons engaged in the business of insurance.

By way of example, I'd like to cite that the commission will be able to receive information directly from

brokers and those registered under the Registered Insurance Brokers Act and who may not be licensed under the act instead of through what currently happens, an intermediary, the registered insurance brokers of Ontario. This in the past has led to a delay in receiving such information and taking any actions that may be required as a result of that information.

The rationale is clearly that this section provides for a more effective collection of information.

**The Chair:** Thank you, Mr Owens. Further comment or debate? Seeing none, is the committee ready for the question? Shall the motion carry? Carried.

That brings us to section 5, if Mr Owens would like to read that into the record, please.

**Mr Owens:** "5(1) Subsection 33(1) of the act is amended by striking out the portion before clause (a) and substituting the following:

"Service of documents

"(1) Unless otherwise provided in this act or in the rules made under clause 16(1)(a), service of any document for the purpose of a proceeding before the commissioner or superintendent that may result in an order or decision affecting the rights or obligations of a person required to be licensed under this section may be made,"

"(2) Subsections 33(3), (4) and (5) of the act are repealed and the following substituted—

**Mr Elston:** Excuse me. I think you read, "required to be licensed under this section." I think you probably meant to read "act," right?

**Mr Owens:** Did I say "section"?

**Mr Elston:** I think you did.

**Mr Owens:** Sorry. It's written in front of me, "affecting the rights or obligations of a person required to be licensed under this act may be made,"

"(2) Subsections 33(3), (4) and (5) of the act are repealed and the following substituted:

"Effective date of service

"(3) Service by first-class registered mail under subsection (1) and service at a person's place of residence under subsection (2) is effective on the fifth day after the document is mailed in accordance with subsection (1) or (2)."

**The Chair:** Any comment or debate?

**Mr Owens:** By way of explanation, again it's a simplification of procedures and with a clarification that insurers can provide information to clients without having to resort to registered mail.

**Mr Tilson:** I don't have any objection other than on subsection (3), "person's place of residence." Should that be the last known address or something to that effect as opposed to simply a person's place of residence? That could be anything. Would that challenge the technicality of service? You don't think it would?

**Ms Fisher:** I beg your pardon. I didn't hear the question. I'm sorry.

**Mr Tilson:** My question was the section refers to service at a person's place of residence. Many other pieces of legislation refer to the person's last place of residence.

**Mr Elston:** Last known address.

**Mr Tilson:** Last known address, and the word "last" is used. Otherwise, the whole process of service could be challenged.

1750

**Ms Fisher:** I believe if you look at registered mail under subsection (1), it is at a person's place of residence, and if you look at subsection (1), service at a person's place of residence may be made by first-class registered mail, clause (c), at the person's last known place of residence. So I think that's taken into—

**Mr Tilson:** If you think it's adequate—

**Ms Fisher:** Yes, I think it's adequate.

**Mr Tilson:** I have no major concern. I'm just looking at subsection (3), which refers to a person's place of residence, but if you feel that's defined somewhere else, that's fine.

**Ms Fisher:** I do.

**Mr Elston:** My question concerning subsection (3) as proposed is one that's more practical in nature. We in the riding of Bruce now have discovered that sometimes it takes as many as seven days for a letter to travel from one town to another, because the mails now are sent out of Bruce county and they go down to Stoney Creek. The wonderful folks of Stoney Creek do a good job, but it takes well over seven days to go from one of my towns, Walkerton, to one of the small hamlets in my area which is no more than 20 miles away. If you propose to do service by mail, five days, it seems to me, is quite restrictive, because before the person practically gets it, a couple of days of the time limitations have already lapsed.

I'm concerned that because of the nature of change in postal service, the way things have started to work now, five days, although I think the standard in most of our statutes, is not, in my view, now reasonable in terms of giving notice. I rather think, because of the way the mails work these days, that we should in fact extend five to some other number of days. Seven, I think, would be probably better. It's just from the standpoint that mail doesn't often get to a small centre in our areas within the five-day prescribed limitation period, and I think it would be better if we gave more time. I think you could get delivery the same or next day from Toronto to London, for instance, or Toronto to Ottawa, but you don't always get it from, let's say, Toronto to Glammis in five days. I wonder if there could be something done about that to make sure people aren't disadvantaged.



**The Chair:** Not to enter into the debate, but could I just ask, are we all understanding what first-class mail is versus just regular mail? Registered mail versus just first-class mail is a little different. Just as long as everyone understands.

**Mr Owens:** Understanding the peculiarities of the postal service from place to place and some of the difficulties that may be encountered, the number of days is consistent under the civil rules of procedure under the service of documents. If I can quote:

“Effective date

“Service of document by mail, except under subrule 16.034, is effective on the fifth day after the document is mailed.”

So this amendment is in fact consistent with—

**Mr Elston:** But, Steve, that wasn't my point. I acknowledged that five days is one of the things. I'm just saying the postal service has changed in such a way—I said that was in fact the case, so why in the world are you answering the question I just admitted to you? I said, can't we make something a little bit different to take into account the practical fact that sometimes we're not getting five-day delivery? That's all. You're basically saying no, I presume.

**The Chair:** Mr Winner had a comment on this.

**Mr Winner:** I was going to raise the very same point the parliamentary assistant raised.

**The Chair:** Mr Wiseman had a comment as well.

**Mr Wiseman:** I think that perhaps the point raised by Mr Elston is worthy of some consideration, given that not only is the mail service not that great, but when you add to it the amount of time it takes to actually handle a registered piece of mail, which is longer than a normal piece of mail, my own personal recommendation at this point would be to consider what Mr Elston is saying. I can attest to the fact that, living in Ajax, the mail goes all the way into Scarborough somewhere and then comes all the way out to the place next door and

doesn't really get handled in an expedited fashion. I have some sympathy for Mr Elston's point on this. If it's amenable, I would suggest 10 days.

**Mr Owens:** Can we just take a 120-second break here?

**The Chair:** We'll just take a two-minute recess.

**Mr Elston:** Actually, we're going to have to go and vote anyway.

**The Chair:** If I could offer some assistance as the Chair, we are going to be back here next Thursday at 10 in the morning, and at that point we could certainly deal with this very expeditiously. I think that would be in the interest of expediency.

**Mr Owens:** Could I just respond briefly to Mr Elston on a couple of points? We'd like to check with the commission and see what its comfort level is on this. It's certainly not a point of principle of the government on five, seven days, so we'll do that and come back next day with a—

**Mr Elston:** Could I just say one thing?

**Mr Owens:** Mr Elston did put questions forward earlier today with respect to the task force, and it's my understanding that Mr Elston did in fact meet with the minister today and discuss issues under both hats that the minister currently holds. In terms of clarification around amendments to the issue with respect to the deductible versus the verbal threshold, by Thursday of next week, if not before, there will be either an announcement of amendments or an announcement that we intend to maintain the status quo.

In terms of the task force, there clearly was documentation delivered on the results of the task force and it's freely available to your offices and certainly should have been delivered in some manner to your offices last week.

**The Chair:** Thank you. This committee stands adjourned until 10 o'clock, Thursday next.

The committee adjourned at 1758.





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Thursday 13 May 1993

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**\*Chair / Président:** Johnson, Paul R. (Prince Edward-Lennox-South Hastings/  
Prince Edward-Lennox-Hastings-Sud ND)

**\*Vice-Chair / Vice-Président:** Wiseman, Jim (Durham West/-Ouest ND)

**\*Caplan, Elinor** (Oriole L)

Carr, Gary (Oakville South/-Sud PC)

Cousens, W. Donald (Markham PC)

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**\*Jamison, Norm** (Norfolk ND)

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**\*Mathyssen, Irene** (Middlesex ND)

North, Peter (Elgin ND)

Phillips, Gerry (Scarborough-Agincourt L)

Sutherland, Kimble (Oxford ND)

*\*In attendance / présents*

#### **Substitutions present / Membres remplaçants présents:**

Elston, Murray J. (Bruce L) for Mr Phillips

Huget, Bob (Sarnia ND) for Mrs Mathyssen

Klopp, Paul (Huron ND) for Mr Sutherland

Owens, Stephen (Scarborough Centre ND) for Mr North

Tilson, David (Dufferin-Peel PC) for Mr Cousens

Wininger, David (London South/-Sud ND) for Mr Jamison

#### **Also taking part / Autres participants et participantes:**

Fisher, Julia, legal counsel, automobile insurance review, Ministry of Finance

Harnick, Charles (Willowdale PC)

Owens, Stephen, parliamentary assistant to the Minister of Finance

**Clerk / Greffière:** Grannum, Tonia

**Staff / Personnel:** Spakowski, Mark, legislative counsel

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## Legislative Assembly of Ontario

Third Session, 35th Parliament

## Assemblée législative de l'Ontario

Troisième session, 35<sup>e</sup> législature

# Official Report of Debates (Hansard)

Thursday 20 May 1993

# Journal des débats (Hansard)

Jeudi 20 mai 1993

**Standing committee on  
finance and economic affairs**

**Comité permanent des finances  
et des affaires économiques**

Insurance Statute Law  
Amendment Act, 1993

Loi de 1993 modifiant les Lois  
concernant les assurances



Chair: Paul R. Johnson  
Clerk: Tonia Grannum

Président : Paul R. Johnson  
Greffière : Tonia Grannum





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A new coat of arms appears on the cover of Hansard. Presented to the Legislative Assembly of Ontario by the Governor General on 26 April 1993, it emphasizes the distinctive character of the Assembly and distinguishes the Assembly's identity from that of the government. It was created at this time to mark the bicentennial of the First Parliament of Upper Canada and the centennial of the present Legislative Building. Further information may be obtained by calling 416-325-7500.

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## STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Thursday 20 May 1993

The committee met at 1013 in committee room 1.

INSURANCE STATUTE LAW  
AMENDMENT ACT, 1993

LOI DE 1993 MODIFIANT LES LOIS  
CONCERNANT LES ASSURANCES

Resuming consideration of Bill 164, An Act to amend the Insurance Act and certain other Acts in respect of Automobile Insurance and other Insurance Matters / Loi modifiant la Loi sur les assurances et certaines autres lois en ce qui concerne l'assurance-automobile et d'autres questions d'assurance.

**The Vice-Chair (Mr Jim Wiseman):** I'd like to call the committee to order. We are here to consider clause-by-clause of Bill 164, An Act to amend the Insurance Act and certain other Acts in respect of Automobile Insurance and other Insurance Matters. We are to consider the government motion set before you on section 3 of the bill, section 7 of the act. In front of you, you have some additional amendments.

**Mr Murray J. Elston (Bruce):** Could I just ask a question of the parliamentary assistant before we get started, Mr Chair?

**The Vice-Chair:** Could I just do this first?

**Mr Elston:** Oh, you just want to tell me that we've got these three proposed amendments in front of us for consideration at some point?

**The Vice-Chair:** Yes, 1B, 1C and the amended amendment to section 3 that was stood down in the last meeting. Today we will begin with section 5. I will recognize Mr Elston.

**Mr Elston:** I was just wanting to ask the parliamentary assistant how long it is that he and the minister have known in fact that the cost of auto insurance was going to be increased by 5% by the Treasurer, as a result raising the cost of this entire package by 5%. Can you now tell us exactly how much more people are going to pay for their auto insurance under the auspices of this bill and the amendments that you're proposing, and do you propose to address any amendments to us which will offset the 5% grab by Mr Laughren?

**Mr Stephen Owens (Scarborough Centre):** I want to thank the member for his question. I can, with a good level of honesty, tell him that yesterday afternoon at approximately 4:15 this matter became known to myself and, I'm going to presume, to the minister as well.

In terms of its application, as the member is aware, tax and revenue issues are the responsibility of the Minister of Finance. They do not fall within the purview of Brian Charlton through his role with respect to the auto insurance review, and therefore he does not

have responsibility for the implementation of the revenue or the tax measures. I think at this point, because of the newness, there is not an understanding of its impact, there is not an understanding of how costs will be flowed through to premium holders. I'm sure, as time unfolds, that will become clearer.

**Mr Elston:** Any amendments proposed?

**Mr Owens:** Not at this point.

**Mr Elston:** Can I ask then if the 5% is on the combined price of the premium plus the 3% premium tax, or is it just 5% on the premium cost?

**The Vice-Chair:** Perhaps I could interject here and suggest that those questions would be better suited for the Minister of Finance when he comes to the committee, and he has been, according to—

**Mr Elston:** Actually, we talk about that at noon, I think, right?

**The Vice-Chair:** Okay.

**Mr Owens:** I think, respectfully, you also have an ample opportunity during question period to—

**Mr Elston:** They never show up.

**Mr Owens:** Come on, Murray. Don't be so negative. I'm sure they'll be there today.

**Mr Charles Harnick (Willowdale):** You know, it strikes me that everything we have been told about the costing of this reformed auto insurance package is now up in the air. Everything this bill has been predicated upon in terms of costing is now totally out of whack. It seems to me that between the budget and the increase of 5% and the pending Court of Appeal decision dealing with the threshold, what we're doing here now is really wasting a whole lot of time and resources.

It seems to me that until you can at least tell us how the new financial arrangements are going to impact on this bill, there really is very little point in proceeding any further. I can appreciate that you want to get it done, but this really very much changes what it is we're trying to do here. All of the things that the minister and the deputy minister and lawyer Endicott have come in to tell us about pricing are now no longer valid.

**The Vice-Chair:** Mr Harnick, I understand your point. This committee has been instructed by the Legislature to continue with clause-by-clause. We have not received any instructions otherwise. So I would suggest that you take that up with the Legislature and that this committee will continue with section 5 of the bill.

1020

**Mr Elston:** On a point of order, Mr Chair: Although



those are sage words of advice, as you know, the Speaker will refuse to deal with any item with respect to the operation of this committee unless respectfully submitted on behalf of the committee by the Chair.

If you're prepared to submit a request for further instructions, I would support that, because we've raised these items before in the House and the Speaker said unless the majority of the committee members agree that there should be a request for further instruction, he on his own will not intervene with respect to committee business.

I put it to you that you can't actually direct Mr Harnick to raise the issue in the House. It's a matter that should be dealt with here, and I think it would be reasonable if you would take that message for us. I know there are others who—

**Mr Kimble Sutherland (Oxford):** Just to clarify, I haven't been sitting at this committee regularly, but let's be clear. Yesterday's changes are changes to the Retail Sales Tax Act. You are dealing with Bill 164 regarding the Insurance Act and certain other acts.

**Mr Elston:** That wasn't Mr Harnick's point, though.

**Mr Sutherland:** That was the sense I got from his point, and I think that needs to be clarified.

**Mr Harnick:** Quite simply, and I appreciate that Mr Sutherland wasn't here, but one of the major focuses of all of our discussions and one of the major issues is the issue of what Bill 164 is going to cost the consumer. The government, quite apart from the fact that there are reams of other documentation and studies indicating that the government is not correct, has persisted in telling us that Bill 164 will cost consumers 4.5% or 5% more.

We now know, as of yesterday, that is no longer so and it totally contradicts what the government is saying. The mere imposition of provincial sales tax at a rate of 5% on insurance, which includes auto insurance, now effectively says that this package is going to cost 10% more as opposed to what the government was originally telling us.

If you're to believe, for instance, the studies commissioned on behalf of State Farm, it indicates that the auto package now, if you believe its numbers, is going to cost somewhere around 25% more than what we have initially been told.

It just seems to me that this bill, because of the simple reason of costing, which the minister has told us has dictated what is in fact in here, may all be totally out of whack now, because he was indicating a 10% increase or a 15% increase was unacceptable. He told State Farm, when it said that the increase is going to be 10%, 15% or 20%, that it was absolutely wrong and couldn't be that high because then the package would be no good.

Now, with the imposition of this tax, it seems to me that everything the minister and the deputy minister and

lawyer Endicott were talking about no longer permits us to proceed with this bill as it presently is written because the minister himself said that increases of more than 4% to 5% would not happen, could not happen because it would not be in the interest of consumers.

All I'm saying is that—look, it's your bill. If you want to proceed with it, if you want to jack up people's insurance rates 10%, 20% or 25%, be my guest, but it seems to me that we should at least have the parliamentary assistant have the opportunity to meet with the minister.

I can appreciate that he didn't see it, as the parliamentary assistant said, till 4:15 yesterday. His assumption was that that's when the minister first saw it, and I suspect that the parliamentary assistant has not had the opportunity to speak with the minister yet. It seems to me that at the very least, the parliamentary assistant should be speaking to the minister and providing us with the information about where this package is now going, because it may no longer be a viable package based on all of the things that the minister, the deputy minister and lawyer Endicott were telling us.

**Mr Owens:** Mr Harnick raised a couple of interesting questions. The issue with respect to the tax again is not germane to the issue of the bill under consideration. As I indicated, there is not yet at this point an understanding of how the flow-through will take place with respect to insurance premiums.

On point 1A, with respect to alleged rate increases, the member for Willowdale quotes—again a non-actuarial study—the Coopers and Lybrand study commissioned by State Farm that talks about out-of-the-ballpark increases, while the Mercer report commissioned by the government in fact talked about a 4.5% increase, not to the premium, but as an industry cost.

In terms of how that would be applied by the various players in the industry, it would be at their discretion. Any increases, of course, Chair, as you are well aware, have to be approved by the Ontario Insurance Commission and are based on demonstrated need.

Mr Harnick may or may not have been at the committee on late Thursday afternoon when I made my comments, in response to Mr Elston's questions with respect to amendments, that there will be an announcement later today on some of the issues that were raised about verbal thresholds versus deductible.

I think we are moving in a good direction. We still have a lot of work ahead of us. I would respectfully request that we continue the good work that we left off with on Thursday afternoon of last week.

**The Vice-Chair:** If this is not on section 5, you'll have to raise it on a point of order.

**Mr Harnick:** Point of order, then: In response to what Mr Owens said—

**The Vice-Chair:** That is not a point of order, and

therefore I will rule you out of order and move to section 5.

**Mr David Tilson (Dufferin-Peel):** Point of order, Mr Chairman: Surely he's is commenting on what—

**Mr Harnick:** Mr Wiseman, surely when Mr Owens makes a statement, we are entitled to respond to that statement.

**Mr Sutherland:** You made the original statement.

**Mr Harnick:** All I want to say—and we could have been finished by now, but I can see the autocratic hand of the Vice-Chair in here—

**The Vice-Chair:** I would reject those comments and I would also ask you to temper your language.

**Mr Harnick:** I'm not going to temper my language.

**The Vice-Chair:** The rules of the standing orders clearly indicate what is a point of order and what is not a point of order.

**Mr Harnick:** You didn't let me get three words out, so you don't even know what I was going to say, unless you're a mind-reader, and I don't think you're quite capable of that.

**Mr Owens:** Come on, let's get down to work here.

**The Vice-Chair:** Mr Harnick, I find your language to be somewhat offensive. I believe that it would be in the best interests of the committee and the work of the committee if the language remained parliamentary and not moving in the direction you were going. I would request that you temper your language to the Chair and respect the Chair for what it's supposed to be and for what it does. If you have a point of order, I will listen to it, but I will not entertain insults.

**Mr Harnick:** My point of order is a further comment, additional to what the parliamentary assistant said. Quite simply, I did not indicate in my remarks whether I thought the government's projections or the State Farm projections were correct or incorrect. That's not the issue of the debate here.

1030

**The Vice-Chair:** This is also not a valid point of order, so I would like to move to section 5 of the act, please.

**Mr Harnick:** Point of order, or maybe I'll make this a point of privilege: This afternoon, we will be debating the budget. It may be the only scheduled budget debate, and it certainly is the only particularly relevant day to debate the budget because we are rising for a week of vacation next week.

**Mr Sutherland:** Maybe for you.

**Mrs Irene Mathysen (Middlesex):** You may be vacationing, but I'm not.

**Mr Owens:** Is that what the Tories do?

**The Vice-Chair:** In the direction that you are now pursuing, you do not have a valid point of privilege.

**Mr Harnick:** How do you know what I'm going to say?

**The Vice-Chair:** I'm saying that on the current course that you are now going, you haven't said anything yet that indicates a valid point of privilege.

**Mr Harnick:** In light of the fact that this afternoon may be the only opportunity for the opposition parties to respond to the budget, I think we should consider not sitting this afternoon so that all members have the opportunity to be in the Legislature for the budget debate. That's my point of privilege.

**The Vice-Chair:** Now we can move along to section 5 of the bill. If the parliamentary assistant would read the government amendment.

**Mr Owens:** Subsection 5(2) of the bill: I move that subsection 33(3) of the Insurance Act, as set out in subsection 5(2) of the bill, be amended by striking out "fifth" in the fourth line and substituting "seventh."

**Mr Elston:** I feel the heavy, autocratic hand of the Vice-Chair in this. I think he supported my interjections just last week.

**Mr Owens:** In terms of the reason for this amendment, there were issues raised with respect to postal service and the sometimes spotty service in some of the areas represented by the member for Bruce, for instance, and wanting to ensure that all communicants with the OIC are given a reasonable chance, we have taken the member's advice and have so moved the change with respect to the days required as proof of service.

**Mr Elston:** It moved the days of service from five to seven.

**Mr Tilson:** A question to the legislative counsel as to—

**Mr Owens:** Just to bring us in line with the Ten Commandments and the number of days it took to create the earth.

**Mr Tilson:** Mr Chairman, can we get off the Bible and perhaps on to Bill 164?

**Interjection:** That was six days.

**Mr Owens:** Sorry, I'm corrected. It was six, and rested on the seventh. It's been a long day.

**Mr Elston:** That tells us how many more committee days we have left.

**Mr Tilson:** I'd like to ask legislative counsel this: Just generally, whether it be rules of procedure in the court system or any piece of legislation where service is required by registered mail, is there any standard, set date as to the rationale why we changed from "fifth" to "seventh"? I did hear Mr Elston's rationale as to why he wanted it extended from five to seven, and I understand that, but why did we pick seven? A good religious reason?

**Mr Owens:** In terms of your question with respect to the rules of procedure, as I read out on the last day



we met, with respect to civil law it is in fact five days.

**Mr Elston:** Civil procedure.

**Mr Owens:** Pardon me, civil procedure. Thank you. In terms of wanting to address some of the peculiarities of the postal service, it was our view that we want to keep the number of days within reason. We consulted with the Ontario Insurance Commission, and we have Art Halpert here from the commission. He would be pleased to respond in more fulsome detail on the commission's view with respect to the number of days.

**Mr Art Halpert:** I guess basically we had no objection to moving it to seven days. We were asked if it would have a major impact on the commission if we moved it from five to seven days, and we felt it wouldn't. That was basically it.

**Mr Tilson:** I believe that with the benefit package that's being proposed by this government, the Ontario Insurance Commission is going to be a very busy organization. The administration it's going to have is probably something you've never even thought of—you may have thought of it, but maybe perhaps never realized—and it may get worse and worse.

There have been some remarks in the past, specifically by Mr Scott, as to the number of bureaucrats—I don't mean that in a derogatory sense, but administrators perhaps—who are required to operate the Ontario Insurance Commission. I guess I look at the process. We've seen the restraints of this government, that you may not get the people you—

**Mr Paul Klopp (Huron):** Speaking of staying on topic—

**Mr Tilson:** I am speaking on topic. I'm talking about how this process is going to be administered, and we're talking about expanding it from five days to seven days. What I want to know is—

**Mr Klopp:** Speak on the topic.

**The Vice-Chair:** Mr Klopp, you do not have the floor, and your interjections are not helpful.

**Mr Klopp:** These city members.

**Mr Tilson:** I don't think my constituents would appreciate, Mr Chairman, my being described as a city member. I'm far from a city member. I happen to reside in the beautiful riding of Dufferin-Peel, which has some beautiful—two wonderful—

**The Vice-Chair:** You are now off topic, Mr Tilson, and I would appreciate the government members restraining themselves.

**Mr Tilson:** Mr Klopp should come to my riding and see what type of riding I have. I have two medium-sized municipalities, but basically, the riding of Dufferin-Peel consists of—

**The Vice-Chair:** If you have concluded your comments, Mr Tilson—

**Mr Tilson:** No, I haven't.

**The Vice-Chair:** Then I would ask you to return to topic, please.

**Mr Tilson:** I'm responding as to my knowledge of my concern as to the operation of the Ontario Insurance Commission and the administration of sending mail out. I have no idea of the size of your staff now. There's no question, listening to Mr Scott's comments and listening to the delegations that have come to us, that the amount of bureaucracy that's going to be required is going to be astronomical. Taking all that into consideration, the consideration of sending out notices, if you are not given the amount of staff that you feel will be required, will the seven days that's being suggested by this amendment be sufficient to enable you to send out notices or anything else that's required?

**Mr Halpert:** We think the seven days would be sufficient.

**Mr Tilson:** With the staff you have?

**Mr Halpert:** Well, I'm not sure that the number of days would be impacted by the number of staff we have.

1040

**Mr Tilson:** I guess my response to that, Mr Chairman, is that I've seen mail leave this building. Sometimes it's very difficult for mail to leave this building, for all kinds of reasons. The machine moves slowly. I can assure you, if you haven't thought of it, that if you aren't given the staffing that you require to operate the Ontario Insurance Commission, the wheel could grind to a dead stop because of the amount of issues over the definitions of benefits and other such matters. My concern is, taking all that into consideration: Is the period of seven days long enough?

**Mr Halpert:** Well, this is seven days' notice. I don't think it's impacted by the number of staff we have. We will get the notice out and then that will be seven days from there.

**Mr Tilson:** I guess my only comment is that you're going to require an awful lot of staff to prepare these notices, because you're going to have to have an awful lot of them. I think you're guaranteed to require that staff. If you don't get them, I simply say that seven days may not be enough, but if you feel it is and you feel that the Ontario Insurance Commission on that basis can operate, that's fine.

**The Vice-Chair:** Shall the motion carry? Carried.

Should section 5, as amended, carry? Carried.

**Mr Owens:** Section 6:

"Paragraph 1 of subsection 45(1) of the act is amended by striking out 'no-fault benefits required by subsection 268(1)' in the fourteenth and fifteenth lines and substituting 'statutory accident benefits referred to in subsection 268(1).'"

**Mr Tilson:** Mr Chairman, I assume we're going to

have some explanation as to why this amendment is being proposed.

**Mr Owens:** Absolutely. Just a very brief comment that this is a minor wording change, again to bring the current legislation into line with the new wording under our proposed bill.

**Mr Tilson:** I have expressed this concern before and it's been suggested that I have been out of order, but I think this concern that I have applies to this particular section more than any other objection that I've had, and that is the issue of the regulations.

Throughout all the various public hearings that this committee conducted in Toronto and outside of Toronto, we had before us a package of regulations which dealt with what is being suggested in section 6. Considerable time was spent by many of the delegations reading those regulations. Whether it be the medical profession, whether it be the legal profession, whether it be the various insurance companies, insurance brokers, people in the insurance industry spent a great deal of time reading those regulations, and all of them, as you may recall, every last one of those delegations expressed the concern that they didn't understand them. They didn't understand the meanings.

They expressed concerns that there would be possibly litigation, trying to determine what sections meant, that the amount of applications that would be made towards the Ontario Insurance Commission would be expanded to something that it has never contemplated and that unbelievable amounts of time would be spent in litigation. In fact, when I say "litigation," litigation before the Ontario Insurance Commission, and possibly before the courts, but I suspect they were suggesting before the Ontario Insurance Commission.

In fact, they were suggesting that whenever anyone had a motor vehicle accident, there would be debates as to whether something was included in the benefit package or whether it was outside the benefit package.

That concern led to another issue and that led to the issue as to who was going to represent the innocent accident victim, who was going to represent before the Ontario Insurance Commission those people who were involved in motor vehicle accidents. The lawyers wouldn't be involved because, simply, they couldn't afford it. In the tort system, as you know, the innocent accident victim would be compensated in costs. Before the Ontario Insurance Commission, the innocent accident victim, unless there are amendments to this legislation or unless Professor Arthurs makes some recommendation, would not be compensated in costs.

Generally speaking, there is the fear expressed throughout, particularly by individuals who have been involved in motor vehicle accidents, that they would be unrepresented before the Ontario Insurance Commission and that they would simply be clobbered by the insur-

ance industry in determining whether or not people fell under the benefit package.

To be fair to Mr Owens and his minister, they did respond to that and they have commissioned Mr Arthurs to make a report or a presentation with respect to some form of advocacy system. I don't know what that means. I don't know what that's going to cost, nor does he, nor does the minister at this stage, which is why we're getting into that. That was an announcement that was made by the minister in the House some days ago or some weeks ago; I can't recall whether it was last week.

Secondly, the minister announced that there would be new regulations—the draft regulations that we spent so much time on in these hearings, because the whole premise of Bill 164 is built on the benefit package, the statutory benefits that one receives. That's the whole premise. You can't properly debate the bill unless you have some idea as to what the regulations are.

I fully understand the principle in the past that many pieces of legislation are passed without regulations, but in this of all the pieces of legislation, there's no way in a million years that one can properly comprehend what one is doing, namely, the government is doing, without having some idea as to what the regulation package is going to be. Hence, again to give the government credit, it did put a draft regulation package forward and that was reviewed by members of this committee—

#### *Interjection.*

**Mr Tilson:** Packages? Whatever. There were packages of regulations and they were fairly extensive. In fact, that was the criticism, that it was far more critical than we had ever seen.

In fact, to my knowledge, there was never any input by any of the interest groups, whether it's the lawyers, whether it's the medical profession, whether it's the insurance industry, with respect to those regulations. In American jurisdictions, before pieces of legislation are passed, one of the things that the Americans do is seek out the comments of the interest groups, the parties they involve, the stakeholders, the partnerships, whatever these new funny words are that you people have devised, and they have then reviewed draft regulations. That has not been done.

Obviously, you discovered—I don't mean you, Mr Chairman, but the government has discovered—that there was an error made in that package of regulations, which really brought some sort of futility to the entire committee process. The minister announced a second issue, a second matter of reviewing this bill, and he proposed that that would be some weeks—I don't know what "some weeks" means; that could mean 52 weeks; gosh knows what it could mean, but he said "some weeks"—before that new regulation package would be made available.



I believe that before considering this section, section 6, and many of the other sections that deal with the regulation package, an opportunity should be given for members of this committee, members of the interest groups, the legal profession, the medical profession, the insurance industry, the various other individuals who were involved, who took an interest to present submissions to this committee, to review that new regulation package that is going to be presented, according to the minister, in some weeks' time, which presumably will be the early part of June, I would hope, if I'm reading what the words "some weeks" mean.

1050

I have grave concerns of voting and debating on anything to do with statutory accident benefits because it all may be futile. I know this is a definition, this is a technical section, and you could say, "What in the world are you spending all this time on a technical section?" The reason why I am doing this is that this is part of the overall process referring to regulations.

I am concerned that on the one front, Mr Arthurs is going to go out and then report back—I don't know when he'll do that; maybe it's been announced, but I don't recall when it was announced—as to the advocacy process, whether that means that the legal profession is going to get involved in the advocacy process, the issue of costs, how these people are going to be trained, because the lawyers certainly aren't going to get involved. No one's going to hire them. So you're going to have to in fact train and pay for—

*Interjection.*

**Mr Tilson:** I'm talking about the innocent accident victim. I'm talking about who's going to represent the innocent accident victim.

**Mr Owens:** It's got nothing to do with the clause.

**Mr Tilson:** With due respect, it certainly does.

**Mr Owens:** It absolutely does not.

**Mr Tilson:** We're talking about statutory accident benefits, and that has everything to do with the clause.

**Mr Owens:** Sorry, your Chair has been quite generous with you.

**Mr Tilson:** I'm sorry? Do you want me to carry on a debate—

**The Vice-Chair:** Mr Owens, I would hope that we could keep this in some kind of order. Mr Tilson, I know, is shortly going to wrap up his comments and we can move on.

**Mr Robert V. Callahan (Brampton South):** On a point of order, Mr Chair: It's the first time in all the years I've been on a committee where the parliamentary assistant has instructed the Chair on what he should do in terms of dealing with a member and his or her rights to question, and I object to that.

**The Vice-Chair:** My instructions come from the

standing orders; they do not come from members of the committee unless on a motion or a vote of the committee. Other than that, I am in the hands of the Legislature. I would like to ask Mr Tilson to continue and to wrap up his remarks.

**Mr Tilson:** Yes, Mr Chairman. We are now going to get into more and more sections dealing with statutory accident benefits, because whether you like it or not, this entire bill is based on the benefit system. That's what no-fault's all about: the benefit package. That's what it's all about. It seems to me to be rather silly to proceed with a bill when we know those regulations are going to be changed. The minister's told us that they're going to be changed—I don't know whether substantially; he hasn't said, but they're going to be changed. So everything that we have done to date may be for naught, because we may have a completely different package that's going to be presented to this committee and to this House and to the insurance industry.

The insurance industry needs to know, for example, the funding of it, because if the package of benefits changes under those regulations, the insurance industry will have to change to adapt to those regulations.

**The Vice-Chair:** With all due respect, Mr Tilson, the mandate of this committee is not the regulations; the mandate of this committee is to consider clause-by-clause of this bill, and on two occasions, this occasion now and last day, you've made those points about the regulations.

**Mr Tilson:** I'm going to make them every time, Mr Chairman. I'm going to put you on notice for that.

**The Vice-Chair:** There are two points I would like to make with reference to the standing orders.

The first point is that we have been instructed to do clause-by-clause of the bill, which means that while it is important that you make your points, they are, within the confines of the orders, not strictly pertinent to this bill as we are dealing with it and therefore are not in order, according to the standing orders.

The second point that I would like to make is, also pertinent to the standing orders, the clause on repetition. You have made these points, they have been out of order now twice, and repetition of out-of-order comments cannot be accepted by the Chair because they hold up the process of what is in order, and what is in order is the clause-by-clause discussion. While the regulations are important, and you've made your point, I would rule, as the Chair, that unless you have some specific relevant comment dealing with section 6 as it is written here and not referencing the regulations, your comments are not in order.

**Mr Tilson:** Mr Chairman, with due respect, I challenge your ruling. You're precluding me from

debating Bill 6. My comments are most relevant with respect to the regulations. I have every right in this world to talk on the regulations. You're wrong, with due respect, Mr Chairman, and I challenge your ruling.

**Mr Callahan:** Could I speak to the—

**The Vice-Chair:** There's no debate. It goes directly to a motion of the committee. The Chair has been challenged and it goes directly to a vote. I would ask if the committee supports Mr Tilson's view or the ruling of the Chair.

**Interjection:** How do you want to word that?

**Mr Callahan:** I think the vote is, do you uphold the Chair?

**The Vice-Chair:** Do you uphold the Chair? Does the committee uphold the Chair? All in favour of upholding the Chair?

**Mr Callahan:** A recorded vote.

**Clerk of the Committee (Ms Tonia Grannum):** All those in favour?

#### Ayes

Mathysen, North, Owens, Sutherland, Winninger.

**Clerk of the Committee:** All those opposed?

**Mr Callahan:** I'm going to be perfectly honest. I don't think I'm permitted to vote. I'm not subbed in.

**Clerk of the Committee:** No, you're not.

**Mr Callahan:** As much as I would like to be on the record.

#### Nays

Kwinter, Tilson.

**Mr Tilson:** Mr Chairman, I believe there's a process on which I can appeal that and I would like to proceed with the appeal of that ruling to the Speaker.

**Interjection:** Does that mean that we're adjourned now until that happens?

**The Vice-Chair:** We will take a five-minute recess. The committee recessed at 1058 and resumed at 1107.

**The Vice-Chair:** I'd like to reconvene the committee and to indicate that having checked with the clerks, the vote of the committee is final and there is no process of appeal. So I would like to continue with the discussion on section 6 of the bill.

Does anybody have any further comments on section 6 of the bill? Seeing none, should section 6 of the bill carry? Carried.

Section 7, Mr Harnick.

**Mr Harnick:** Can I see a copy of subsection 48(6) of the act and a copy of subsection 48(7) so that we can know what we're appealing? Thank you.

**Mr David Winninger (London South):** There is a government amendment to subsection 7(1), subsection 48(6) of the act.

I would like to move that subsection 7(1) of the bill

be struck out.

**The Vice-Chair:** Mr Winninger moves that subsection 7(1) of the bill be struck out. Comments?

**Mr Harnick:** I don't understand where Mr Winninger is nor do I know where his amendment is. If you can enlighten me so that I can try and keep up with what you're doing.

**Mr Winninger:** I'll defer to the parliamentary assistant.

**Mr Owens:** I thank my able friend the member for London South for moving that amendment. This issue is with respect to the mutual insurance corporations which operate under the fire mutuals guarantee fund, and they will be exempted from the \$3-million capital requirement. The reasoning behind that is that there are currently safeguards in operation with respect to the fire mutuals and it was never foreseen that they would be covered by capital requirements. I have a further explanation from Mr Halpert from the Ontario Insurance Commission on that.

**Mr Harnick:** Maybe if I could ask a question first, I might understand what you're doing and then I'll understand what the gentleman's going to tell us. Are you now saying, according to your amendment of subsection 7(1) of the bill, that we are not going to be repealing 48(6)? Is that what we're now saying? Okay, now you can enlighten me.

**Mr Halpert:** It was never the intention to include the fire mutuals, to have them be required to meet the capital requirements of ordinary insurance companies. Fire mutuals are protected by the fire mutuals guarantee fund. They also have the fire mutuals reinsurance plan, and generally speaking, they insure fairly small amounts relative to their surpluses. So making them have \$3 million in surplus requirements would essentially put a fair number of them out of business. They've been around for over 100 years in most cases and they serve a very useful function and they're among the most stable insurers in Ontario.

**Mr Harnick:** How many of those companies are writing auto insurance?

**Mr Halpert:** I believe about 31 of them.

**Mr Harnick:** What percentage of their business would be auto insurance-related?

**Mr Halpert:** Usually very small.

**Mr Harnick:** In terms of their reserve capacity, does this affect the necessity to reserve or their ability to reserve in any way?

**Mr Halpert:** No. They were never intended to be covered by the \$3-million capital requirement. It was in fact a drafting error.

**Mr Harnick:** I'd like to see this, because I can't really understand it without it, but it talks about operating on the plan known as Lloyds. Do you have a copy



of the plan known as Lloyds?

**Mr Halpert:** No, I don't, certainly not with me.

**Mr Harnick:** Could we maybe get a copy of that?

**Mr Owens:** For which purpose?

**Mr Harnick:** If I'm going to vote on doing something to subsection 48(6) or not doing something to 48(6)—I'm reading 48(6) and it refers to "or to an underwriter or syndicate of underwriters operating on the plan known as Lloyds." I'm sure that members of the government know what a plan known as Lloyds says, but I don't. I know they all have a copy of that plan known as Lloyds, but again, I don't. I wonder if you could furnish that to me.

**Mr Halpert:** Well, the intention of the motion was to leave subsection 6 as it was, that there would be in effect no change.

**Mr Harnick:** My difficulty is you're now asking me to vote and confirm that I either want to leave it as it is or I don't want to leave it as it is. I either have to decide whether I'm going to vote for this amendment to the amendment or whether I don't want to vote for the amendment to the amendment because I may want to dump subsection 48(6), as you originally stated, but I can't make that decision until I look at the Lloyds plan.

**Mr Winninger:** Point of order, Mr Chair: Perhaps we could then defer approval of section 7 and move on to section 8 while Mr Harnick phones Lloyds of London and inquires about their plan.

**Mr Harnick:** Well, I'm not going to write Lloyds of London, because obviously this is referred to in the legislation. I would hope that if it's referred to in the legislation, someone within the government can provide me with a copy of that plan. Otherwise, we could be waiting months until Lloyds acknowledges my letter and sends it to me.

**Mr Winninger:** Phone them.

**Mr Harnick:** I don't want to delay this any longer than I have to. I know Mr Winninger doesn't like this bill and he'd like to delay it as long as he can, but that's not my intention here.

**Mr Winninger:** Mr Chair, I'm anxious to move forward with this now.

**Mr Owens:** Lloyds is simply an insurer.

**Mr Harnick:** Oh, I know that, but Lloyds is very much of a cooperative type of affair, and when the document refers to "On the plan known as Lloyds"—

**Mr Owens:** To satisfy the point raised by Mr Winninger and to satisfy the curiosity of Mr Harnick, perhaps we can stand this clause down until this afternoon and look to having an explanation of the functionality of the Lloyds plan as it applies to this amendment.

**Mr Harnick:** Thank you.

**The Vice-Chair:** That's fine. Mr Kwinter's going to

do that for us now.

**Mr Monte Kwinter (Wilson Heights):** Mr Chairman, just so that I have it clear in my mind, the motion by Mr Winninger is in effect to say that the proposed amendment of subsection 7(1), that subsection 48(6) of the act is repealed, shall be deleted, the effect being that this subsection is not going to be repealed. Is that correct?

**The Vice-Chair:** Yes, it exists in the act and will continue to exist in the act. That is correct. But Mr Harnick has raised the question about what the plan known as Lloyds means and what that would reflect. If I understand him correctly, if this section is up for discussion and debate, he would like to know whether or not he wants to vote in favour of repealing it or leaving it the way it is. I think that's a perfectly valid request. Since we've already said we will defer it until this afternoon, then we should move to section 8.

Comments, debate, section 8 of the bill.

**Mr Harnick:** I'm just quickly reading through this and it strikes me that section 61 is being significantly expanded. I wonder if we can have the parliamentary assistant or the legal representative explain why we're doing this.

**Mr Owens:** This was an amendment requested by the insurance commission, so I'll pass the question over to Mr Halpert.

**Mr Halpert:** Yes, this does indeed expand the powers of the commission. Generally speaking, the federal government, for example companies incorporated federally and licensed by the Office of the Superintendent of Financial Institutions in Ottawa, is responsible for the solvency of federally registered insurers. Ontario-registered insurers' solvency is the responsibility of the Ontario Insurance Commission.

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The expansion here deals with market conduct and the conduct of all insurers in Ontario. When there is a situation where the conduct gets to a point where the commission feels that the interests of the public are being disserved, then this expands their right to go in and seize the assets of the company.

**Mr Harnick:** I notice that there's a significant distinction between insurers incorporated in Ontario and insurers not incorporated in Ontario. I wonder if you can tell me a little bit about what the minimum amount of assets insurers incorporated outside of Ontario must maintain as a percentage of their business, because I notice that in subsection 8(10) it states that:

"If an order is made under subsection (8) in respect of an insurer that is not incorporated or organized under the laws of Ontario, the order extends only to those assets of the insurer that are in Ontario or that are under the control of the insurer's chief agent in Ontario."

It strikes me that an Ontario-incorporated insurer has

a much greater exposure and obligation and onus than a foreign insurer if there's not some minimum requirement that the foreign insurer must maintain. Did you follow the drift of where I'm going?

**Mr Halpert:** I think so.

**Mr Harnick:** I just wonder what the answer to that question is.

**Mr Halpert:** Well, any insurer operating in Ontario is required to keep a certain minimum of capital and surplus in order to do business in Ontario. It really doesn't deal with the minimum amount of assets that are required. It's essentially the net of the assets over the liabilities, the capital and the surplus that's required.

**Mr Harnick:** You see, what concerns me here is that you're going to go in and say that because an insurer is not maintaining the levels he should be maintaining—you're going to go in and you're going to try and enforce compliance. If the foreign insurer doesn't comply and doesn't have that amount of assets over liabilities, then there may be nothing to seize. My concern is, how are the insureds or claimants being protected?

**Mr Halpert:** Foreign insurers and in fact all insurers that are registered by the federal government are their responsibility with regard to solvency. What you seem to be talking about deals with solvency when the assets over the liabilities are not adequate to, for example, meet future claims. The expansion is dealing specifically with market conduct issues where, for example, an insurer refuses to pay claims arbitrarily.

**Mr Harnick:** I'm not sure that's exactly what it means, because if you look at subsection 8(8), it says, "If an insurer does not comply with an order or interim order directing the insurer to correct a failure or deficiency," it can "order the superintendent to take possession and control of the assets of the insurer." My concern is, what control is there that there are going to be assets available?

**Mr Halpert:** I'm not sure I can answer that. We're always monitoring companies—all the companies that operate in Ontario are being regularly monitored. We look at deteriorating conditions and we act before that situation arises. The capital and surplus is in fact the cushion between assets and liabilities, and that's what we concentrate on.

**Mr Harnick:** You see, I know that companies such as Pitts, Northumberland, Advocate General, all went out of business. I don't know if they officially declared bankruptcy, but I know they did not have assets to cover the liabilities. They were in fact, I believe, Ontario-incorporated companies which had offices here and assets here. Even with all the monitoring in the world, it didn't help. In terms of a foreign insurer, if it was impossible to regulate an Ontario insurer which had assets here that were available to the superintendent or

commissioner, whatever it was of the day, how can you deal with the foreign insurers?

**Mr Halpert:** The foreign insurers, as I was mentioning, are basically, with regard to solvency, a responsibility of the federal government. We are responsible for their market conduct so that if they're doing something that is reprehensible to the public, we can act. This section of the bill would allow us to act.

**Mr Harnick:** So are you saying that your interest here is more with the day-to-day operation of the companies as opposed to their solvency?

**Mr Halpert:** If you mean by "day-to-day operations of the company" how they deal with their clients—

**Mr Harnick:** Yes.

**Mr Halpert:** —then the answer is yes.

**Mr Harnick:** So this section is really not directed to anything dealing with solvency or financial ability to carry on?

**Mr Halpert:** Nothing that has changed in the bill makes a change in the solvency issue.

**Mr Harnick:** Okay.

**Mr Kwinter:** On the same section, I have some concerns about due process. If you take a look at subsection (6) of section 8, section 61 of the act, it says: "If the commissioner is of the opinion that the interests of the public may be adversely affected by a delay in making an order referred to in subsection (4), the commissioner may make an interim order before the time for requesting a hearing has expired and, if a hearing is requested, before the hearing has been completed," which I have no problem with.

We get to the next section; it talks about what happens unless the commissioner revokes an interim order.

Then we get to subsection (8). It says: "If an insurer does not comply with an order or interim order directing the insurer to correct a failure or deficiency set out in the report of the superintendent within the time period specified in the order, the commissioner may, following a hearing, order the superintendent to take possession and control of the assets of the insurer and the superintendent shall deliver a copy of the order made under this subsection to an officer of the insurer."

Where I have the problem is in the next section. There's a provision under subsection (9) that says: "If the commissioner is of the opinion that the interests of the public may be adversely affected by a delay in making an order referred to in subsection (8), the commissioner may make the order without holding any hearing."

It would seem to me that, under due process, there should be the same provision as is provided for under the interim order: that if, in the opinion of the commissioner and/or superintendent, the public may be adverse-



ly affected, then there should be a provision that he could make the order prior to the completion of the hearing or even before the hearing, but not eliminating the ability to have a hearing. It would seem to me that that would be only a matter of, as I say, due process.

In every other provision there is an opportunity for the superintendent or the commissioner to protect the interests of the public by making the order during or before the hearing, whereas in this particular section there's no provision for a hearing at all. It would seem to me that there is a provision for the hearing in subsection (8), but then it's taken away without any recourse in the next one by just saying, if in the opinion of the commissioner the interests of the public may be adversely affected, the commissioner may make the order without holding any hearing.

I feel that may be challengeable in the courts, and I think that in order to provide fairness and equity, the same provision should be applied to that particular order as it is to the interim order.

**Mr Halpert:** Could I confer with my colleagues for a moment?

My feeling, after conferring with my colleagues here, is that we would not be uncomfortable with such an amendment that says something like "before holding any hearing" or the like.

**Mr Owens:** Do you need time to draft this?

**Mr Doug Beecroft:** Five minutes.

**Mr Owens:** Five minutes, that's fine.

**The Vice-Chair:** We'll take a five-minute recess.

The committee recessed at 1132 and resumed at 1142.

**The Vice-Chair:** We are about to deal with the second Kwinter amendment. Mr Kwinter, if you could read your amendment into the record, please.

**Mr Kwinter:** I move that subsection 61(9) of the Insurance Act, as set out in section 8 of the bill, be struck out and the following substituted:

"Order without hearing

"(9) If the commissioner is of the opinion that the interests of the public may be adversely affected by a delay in making an order referred to in subsection (8), the commissioner may, without holding a hearing, make an interim order requiring the superintendent to take possession and control of the assets of the insurer pending the completion of the hearing required by subsection (8)."

**The Vice-Chair:** Thank you. Discussion?

**Mr Owens:** I just want to thank the member for his input. I believe that his amendment has addressed his concern with respect to due process but has also kept our intent with respect to consumer protection intact, and I again thank the member for his input.

**Mr Harnick:** One section that strikes me as perhaps being a difficulty for an insurer in this situation is

subsection (3), where "The insurer may, within fifteen days after the notice is given, request the commissioner in writing to hold a hearing before taking any action described in the notice."

It strikes me as being a short period of time, and if you miss the 15 days, it may present some difficulties. With all of the opportunities to have an interim order in force anyway, can you not make that a longer period?

**The Vice-Chair:** Mr Owens?

**Mr Owens:** To Art Halpert.

**Mr Halpert:** This is just a notice provision. If you're an insurer and your assets are seized, you would, I think, want to take action almost immediately.

**Mr Harnick:** Well, yes, that may be so, but if the company is in such disarray that they miss that 15-day opportunity for a hearing, it could be a pretty short period of time. There's an interim order in force to protect the public anyway, but if you miss that 15-day period, does it mean you've given up your right for a hearing?

**Mr Halpert:** Yes.

**Mr Harnick:** And is there any danger in making that 30 days? Is the public not protected—

**Mr Owens:** I'm trying to understand why you feel that the 15 days is onerous. In terms of carrying your theory forward with respect to the company being in such a position of disarray, I'm not quite sure how the 30-day period would in fact help bring that company's affairs into a higher level of organization.

As Mr Halpert has indicated, I think that if a company's assets are in danger of being seized, there is some motivation in order to respond within the time period. It's our view that 15 days is certainly an adequate period of time for a company to respond to what is a fairly serious matter of process.

**Mr Harnick:** It just seems to me that short limitation periods often present difficulties, and if there's the opportunity for the interim order to be made and to remain in force anyway, why confine an insurer to a 15-day limitation period that it may miss, for whatever reason?

**Mr Owens:** I'm at the disposal of Mr Halpert for further clarification. Again, in terms of the time period, 15 days is a substantive period of time. We're talking about three working weeks of time.

**Mr Harnick:** No, it's not three working weeks. Three working weeks is still 21 days. It doesn't indicate that the time period stops running on weekends and holidays.

**Mr Owens:** The issue is clearly that you have senior officers of the corporation who have a responsibility with respect to their policyholders, and we don't view the period as being onerous. I'm not quite clear on why the 30-day period would be necessary.

**Mr Harnick:** Let me pose this scenario to you: What if the company is about to appoint a receiver and the officers of the company become functus because the receiver is coming in to take over the company, but you're in that interim period when officers of a company really don't want to make a decision because the receiver is about to be there, and then ultimately somebody has to make the decision to ask for a hearing?

All I'm saying is that the 15-day period is a short limitation period that can be extended because subsections (6) and (7) protect the public in the event of the extension. Maybe you can change it to 30 days or say that there's some opportunity to ask that leave be given to extend that time.

**Mr Owens:** Mr Halpert.

**Mr Halpert:** I don't think there's any perfect time period. If they're going to take action, the likelihood is they're going to take action immediately. The fact that you raise it from 15 days to 30 days is not likely to help in this situation, and what is 30 days compared to 45 days or 60 days? I'm just not sure there's a perfect number. Fifteen days seemed to be adequate for most people to react when their assets are seized, because they can't do anything, they can't pay out any claims, they can't operate, really.

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**Mr Harnick:** Except that the company may not be in a position, because of who might or might not be running the company when this situation occurs, which is a very serious situation for a company to be in—there may not be someone who can readily make that decision because of the predicament that the company finds itself in. All I'm saying is that you can save 15 days but you can also provide that leave be granted to extend that time. You can maintain your 15 days; just say that leave can be granted to extend that time, on application.

**Mr Halpert:** All I can do is repeat my remarks. I'm just not sure that 30 days is any better than 15 days. In fact, as the period lengthens, the likelihood is that it would become less likely that the people in charge would have the ability to make that; the longer you go, they tend to, shall we say, disappear.

**Mr Owens:** I think the concern with respect to consumer protection, and Mr Halpert hits the nail on the head, is that as we move further down the line in terms of the number of days—using your scenario, Mr Harnick, I can appreciate your concern, but if the company is going to be at the level of disarray that you characterize at 15 days, my sense is that at the end of 30 days or whatever further time period may be prescribed, their situation is not going to be improved.

In the event of the appointment of a receiver, and Mr Halpert can correct me if I'm wrong, in terms of protecting the entity, one of the first jobs of the

receiver, in my view, would certainly be to respond to an action of this nature in order to ensure that the assets are available to be disposed of or to be reorganized as may be required.

**Mr Harnick:** Let me give you this scenario: What if the application for the appointment of the receiver is received but the hearing date for the appointment of the receiver isn't for three weeks; the application is now pending; the officers of the company I don't believe have any authority once that application is pending to maybe deal with an issue such as this.

All I'm saying is that you don't have to change the number of days; just add the rider to that section that if the 15 days have expired the company may seek leave from the commissioner to request a hearing. Then if they can present evidence as to why they missed the 15 days, why they couldn't make a decision because the application to appoint the receiver was pending, then you've solved your problem. I don't think you have a consumer protection problem, because you still have an interim order that can remain in force.

**Mr Elston:** This is a bit of a confusing section inasmuch as we're chasing around a situation where I think practically how it's going to work is that the commission, together with the superintendent and the company officials, will probably be locked in pretty intense discussions all the way through this thing.

I think Charles is right to be concerned about a 15-day time limit in the sense that oftentimes a company in this state of affairs is pretty much awash in all kinds of other items that it's considering and a 15-day period may very well be too little. But it would not go without the notice of both the superintendent and the commissioner that the timing of the release of the report would be an influential item for their agenda. In a sense, there would be, if not cooperation, at least an understanding of how the affairs of the company would be operating.

I would not like, in that regard, therefore, to just accede to Charles's amendment, which would suggest that after 15 days had expired they could apply for the hearing, unless you put a rider on there that said "within a reasonable time," because if they took another 20 days and then said, "Gee, I think we missed something and we'll come back," then it could very well mean that the hearing wouldn't come together for a period of two months or better after the commissioner and superintendent together had felt that there was a reason for stepping in.

So while I understand the theoretical situation, I think practically it's one where the timing of the release of the report, which would start the 15 days, might very well be a managed item between the superintendent and commissioner or among the three parties. But I think in safeguarding the interests of shareholders and policyholders under a company that is having some difficulties, you might just say, "Listen, within a



reasonable time after the expiration of the 15-day period, they may apply if, in the discretion of the commissioner....” That would settle it.

It’s not really losing anything and I think, practically, there would be almost no situations where you would have to get to it. There would be a very exceptional circumstance, but I think you might as well put that in play, because the other option, of course, is that they take the matter before the courts and there would be a judicial review of how it was done, and again you would end up having injunctions and a whole series of other things. So you might as well make the arrangements that can be handled internally, as opposed to having to force it into a higher court where, to be quite honest, the costs are going to mount.

That’s my rider. I think practically it probably will work better than it reads, but I think theoretically, if we allowed a clause that said, “If, within a reasonable time after the expiration,” then you could limit any kind of extension or games-playing by people.

**Mr Winninger:** I can certainly understand the concerns expressed by Mr Harnick around possible contingencies. It may make the 15 days onerous. On the other hand, I think there’s some comfort in having finality of time limits. So I, along Mr Elston’s lines, was looking at section 10 of Bill 164, which provides for recourse to the Divisional Court. It seemed to me that if there was some injustice in imposition of the 15-day time limit, the relief might be sought by the party in Divisional Court.

Mr Elston says it’s probably better to resolve these things internally, but I would submit that if that was an easy thing to do, it would probably have been done three years ago, when the legislation was amended. Mr Elston knows more about that than I do; I wasn’t in government at that time. But it seems to me that section 10, which provides for the recourse of appeal to the Divisional Court, protects the interests of aggrieved parties that might find the 15-day time limit onerous and at the same time ensures that the public is protected.

As opposition members here know, who are all lawyers, sometimes council has to move under even more onerous time limits. For example, an interim injunction only lasts eight days, and unless you move within eight days to extend it, that injunction is dissolved. Sometimes with municipalities there are even shorter time limits. So it would seem to me that your recourse is to the Divisional Court if the 15 days is troublesome.

**Mr Klopp:** I think we all can take examples, and I feel that with the friendly amendment that Mr Elston was talking about with regard to saying “a reasonable time,” I think that would probably get lawyers etc talking more like, “What is that definition?” Section 10 does allow for maybe that exceptional circumstance to

be looked at in fairness to all sides. On balance, when we talk about exceptional circumstances, I’d like to think that when we have an insurance company getting into a financial bind, it is an exceptional circumstance. I’m not that versed in insurance companies, I’ll admit that, but I also haven’t seen a lot of them—you know, we don’t seem to have many of them in the courts having trouble with their insurance policies and premiums and the commission etc.

So in all balance, I think I can live with the idea that 15 days, for that corporation that has got itself into a bit of a bind, is far better than even having the proviso of a reasonable time frame added on. I think I can live with 15 days. They have to, in 15 days, have a notice in to the commission to say that, “We want to have time to talk.” Especially, as was pointed out, with section 10 being there for some discussion in court, I can live with a little more definite time and leave it at 15 days.

**Mr Harnick:** I don’t think Mr Winninger, with respect, is correct. I think that even if section 10 was not there, one still has the right to appeal a decision of the board or a tribunal to the Divisional Court on an issue of law. You don’t have the right and you’ll never get leave to appeal on the issue of missing the 15 days.

The other aspect is that, in terms—

**Mr Winninger:** But here you do, in section 10.

**Mr Harnick:** No, I don’t think so. I think as well, in terms of Mr Winninger’s analogy, an interim injunction lasts eight days. Granted, it does last eight days, but the person who obtains the injunction knows that. He’s taken the action to obtain the interim injunction that lasts for eight days. He’s taken the step, he’s obtained the injunction, and he knows that the injunction lasts for eight days. Here it’s someone else imposing an obligation of a 15-day period. I don’t believe that section 10 is an escape clause or provides any comfort in that situation.

**Mr Elston:** If you miss the time period.

**Mr Harnick:** If you miss the time period. It’s a substantive appeal. But I don’t think the Divisional Court is going to say, “We’re going to overturn the decision of the commissioner because you missed the time limitation.”

**Mr Owens:** I hear what both Mr Harnick and Mr Elston are saying. I almost agree totally with what Mr Elston has indicated, that in terms of the state of affairs that a company may be in, there will be close cooperation between the commission—

**Mr Elston:** At least communication.

**Mr Owens:** Well, okay. I certainly wouldn’t want to characterize it as—

**Mr Elston:** It may not be cooperation. There may be some adverse interests as among the various parties.

**Mr Owens:** Absolutely. So in terms that there would

be communication at that point, I still believe that 15 days is not an onerous period. Based on the process as described, and Mr Winninger has pointed out the avenues for relief, it's the view of the government that 15 days is a wholly reasonable amount of time for this process to take place.

**Mr Elston:** If I might, I actually tend to agree with Mr Harnick in relation to the—

*Interjection.*

**Mr Elston:** No, no, not in terms of the substance of what I put before you before, but in dealing with David's points about being able to go to the Divisional Court. Unless there are some unusual circumstances, a limitation period is very hard to get around. You've got to have some very, very serious issues to deal with. I think once you miss a limitation period, the Divisional Court doesn't have very many grounds upon which to go, and that's really what we're talking about. We're talking about the 15 days.

In the arguments that will be put either on behalf of the superintendent or the commissioner or whoever might resist the application by the company—and, again, I repeat, while there may be close communication, there may be adverse interests as among the various parties—the commissioner and superintendent may very well say: “No, the Legislative Assembly

discussed this during debate and said there would be no waiving of the 15-day period. That's it. There are not grounds. They decided that in fact 15 days was it.”

I'm just saying, were adverse interests to carry over as among the three, if they can't resolve something, then you're going to find yourself in disputes which people will be looking for a manner of resolving but which may not have the outlet that David described. I think it's very difficult to avoid the limitation periods.

**Mr Owens:** I guess, though, Murray, that we've discussed here before that we don't base law on the worst-case scenario. I think that we would agree that in terms of the—

**Mr Elston:** The worst-case scenario does make law.

**The Vice-Chair:** Sometimes.

**Mr Owens:** Sometimes.

**Mr Elston:** Most often, in fact. Those are the court cases that ultimately come back.

**The Vice-Chair:** Mr Elston, I'd like to indicate that we are being called for a vote. Under the standing orders this committee must stand recessed until this afternoon.

**Clerk of the Committee:** After routine proceedings.

**The Chair:** After routine proceedings.

The committee recessed at 1205.



## AFTERNOON SITTING

The committee resumed at 1555.

**The Vice-Chair:** I'd like to call the committee to order. This committee is in session for the afternoon of May 20.

**Mr Owens:** Just on two points: First, I'd like to request that we stand section 8 down. Legislative counsel is feverishly working on an amendment that we have come to an agreement on with respect to time limits. Second, Mr Elston asked a question around a proposed package of amendments. I'm to understand that they will arrive close to the end of the session here today. We will pass some out as soon as we receive the package. Can we move on to section 9?

**Mr Elston:** So it's not only the legislative counsel who is working feverishly. Is that what you're trying to tell us?

**Mr Owens:** Absolutely. You probably have seen me running out from time to time with my drafting paper.

**The Vice-Chair:** All that work is probably the warmest thing around in this town at this time. So we should move to section 9 of the bill.

**Mr Harnick:** Chairman, section 9 refers to subsection 62(1). I don't know what subsection 62(1) says. If I can make a suggestion to try and speed this process along, if you take a look at virtually every section, section 10 refers to subsection 63(1), subsection 10(1) refers to section 62 and, all the way through, virtually every section refers to the Insurance Act. We have only the bill. We have the amendments, but we don't have the copy of the act that we're amending.

**Mr Winninger:** You never read the act?

**Mr Harnick:** It's got a lot of sections in it and I can't remember them all.

**Mr Tilson:** You must be a lawyer.

**Mr Harnick:** What I would like to be able to do as we discuss these, and I think it would be helpful for every member of this committee, would be to have a copy of the Insurance Act in front of us so that we could see what it is we're amending as we go through the clause-by-clause. It may speed this up considerably. Certainly I know that the government members must all have the Insurance Act memorized, but I don't have the Insurance Act memorized and at least I'd like to know what subsection 62(1) says, because it may be that I don't have to debate it at all.

If I could request that maybe the clerk can obtain for us from the government printer a copy of the most up-to-date printing of the Insurance Act, so that we can follow through and know what it is we're amending, or if she could make copies of the sections in the Insurance Act that are referred to in each of the sections in this bill, then at least we could follow the clause-by-clause

along. Is that possible, Chairman?

**Mr Owens:** If it will give Mr Harnick some level of comfort, I can read for him the clauses 62(1)(a) and (b).

"Power of superintendent upon taking control

"If so ordered by the Lieutenant Government in Council under section 61, the superintendent shall take possession and control of the assets of the insurer and shall thereafter conduct its business and take such steps as in his or her opinion should be taken towards its rehabilitation, and for such purposes the superintendent has all the powers of the board of directors of the insurer, and, without limiting the generality of the foregoing, the superintendent may,

"(a) exclude the directors, officers, employees and agents of the insurer from the premises, property and business of the insurer; and

"(b) carry on, manage and conduct the operations of the insurer and in the name of the insurer preserve, maintain, realize, dispose of and add to the property of the insurer, receive the incomes and revenues of the insurer and exercise all the powers of the insurer."

Now the amendment to section 9 of the bill is simply a transfer of the powers from the Lieutenant Governor to the commission. So we're in fact taking it out of the political hands and putting it into the non-partisan hands of the commission.

**Mr Harnick:** I appreciate that you've read it. You have a distinct advantage because you have it in front of you. I think it would be helpful for everyone on the committee to have it in front of us so that we can properly debate it, or at least then I have it in front of me and I say: "I don't have to debate this section. All we're doing is taking out the words 'by the Lieutenant Governor in Council.'"

**Mr Tilson:** We won't even have to read the sections.

**Mr Harnick:** We won't even have to do it.

**Mr Owens:** My sense is that that would never be true. But I think that if we can provide through the clerk copies of the legislation, then we do it.

**Mr Klopp:** I understand that—I'd hope that you did too, but maybe not—but every member is given the bound statutes. In 1990 it was given to us. I know I got it when I got here. Unfortunately, mine's at home but it's got the Insurance Act in there.

**Mr Elston:** Do you read it every night?

**Mr Klopp:** Yes, before I go to bed, when I'm at home of course.

**Mr Harnick:** The government has been so busy for three years, it probably amended the Insurance Act extensively.

**Mr Klopp:** No. I've double-checked just to make sure. We haven't amended the act.

**Mr Winninger:** He reads the Ontario Statute Citator too.

**Mr Klopp:** No, no. I won't go that far.

Although today we don't have it in front of us, and that's unfortunate I suppose, but we're trying to save government money and everything, I think probably the next time we're here all of us who want to have it here can go back to their office, wherever it is, and bring their copy with them. Today we'll just try to get through the best we can.

I trust the PA when he reads part of the act that it's there. I trust that it's there.

**Mr Tilson:** You trust me?

**Mr Klopp:** He can't fool us. It's written there, I'm sure, and next week you'll quickly say if he did say something wrong, Mr Tilson. So let's move on today to go through, and next week all of us as individual members can go back to our offices and pick up our statutes and bring them with us, if we so wish.

**Mr Winninger:** Sounds reasonable to me.

**Mr Elston:** Just very briefly, instead of reading the statutes, I know of course everybody will be reading the Leader of the Opposition's reply to the budget speech over the weekend.

**Mr Owens:** For better or for worse?

**Mr Elston:** It's probably much better. But anyway, just in terms of what is happening here and the trend, I understand the scheme is to be developed that in fact the Lieutenant Governor in Council or the cabinet is no longer going to be in charge of reviewing what are major events in financial arrangements.

It's a pretty serious item when a financial organization goes down. It's a very exceptional one in fact. What this means is that the government of the day, while it will not be responsible for either stepping in too late or stepping in too early, as it were, in fact is being buffered by all of this. It also means that the minister who is in charge and officially will remain responsible for the activity of the commission or otherwise will not have his or her name on the documentation.

It's been a long-standing position of mine that an awful lot of the public administration of this province, while it is being moved away from the political arena because of the "partisanship," it really does mean that the elected officials will remain—and I mean this in the best sense of the word—the executive council who is responsible to the Legislative Assembly is going to remain to a large extent uninformed until well after the events are going through, because there is no need to address a particular crisis to any of the political people at all.

In this case, once this bill is finished it will be

transferred over to the Minister of Finance again, I presume. I'm not sure whether that's happening. I presume that's what's going to happen. Brian has until this thing is passed. But basically the Minister of Finance will find out at some stage that this company somewhere or other is being taken over but the cabinet colleagues will not find out until some time after there has been quite a local fuss about some organization going down.

I raise it only because the development of this type of public administration means that there is an ever-increasing gap between the responsibility of the political people, the political arena, the council of the province, with regard to making sure the financial affairs of the province are in good order.

I think that, in my view, while I understand the partisanship issues and the reasons not to have "politicians" involved in this, I tend to see things slipping away from us even a little further. I don't mean to make comment about the abilities of any of the people in the commission or any of the people in the superintendent's office; it's just that pretty soon there isn't going to be anybody really responsible.

I regret that type of a trend. I think that instead of our being less and less accountable for this stuff, as elected people and as members of the executive council, we ought to be—and I'm obviously not an executive council member now but I was one—I think rather than trying to remove ourselves from the general fray, we ought to be very accountable for whatever is happening and for the length of time it takes us to do certain things to protect the people.

Ultimately, if there is a really big fuss, the minister is going to get himself or herself into some real problems in any event. But I just want to register concern about the increasing removal, or at least drifting, of public administration further and further away from the people's assembly. That's more of a personal sort of philosophical comment on this and has nothing to do with the practical qualifications of any of the people who are involved now. But I think it's something that we should watch, because pretty soon there won't be anything that this Legislative Assembly can do to correct problems without taking major, major lengths of time to become involved in issue resolution.

I just raise that for people's interest. I'm not going to vote against the amendment. Obviously, the series of amendments are all designed to allow the commission to work on its own and free of executive council.

**Mr Tilson:** Mr Chairman, I did hear Mr Owens, and it is difficult to go through these, and I think that Mr Harnick's observation was well founded. Yes, each time the section could be read. The difficulty is a lot of this is written in legalese and to properly understand what is going on—



**Mr Winner:** You have to be a lawyer or bring your statute along.

**Mr Tilson:** To properly understand what is going on, it seems to me that for the rest of the day at least we're going to be relying on what the staff say as to what these sections are.

*Interjection.*

**Mr Tilson:** Well, you know, it's just that I think we're remiss, particularly in the comments that Mr Elston made, that we seem to be delegating more and more to our officials. Here even in our own committee we're not even responsible enough to look at what particular section it is that's being amended.

*Interjection.*

**Mr Tilson:** Do you know what subsection 62(1) says?

**The Vice-Chair:** Mr Tilson, this is out of order. Mr Klopp.

**Mr Tilson:** Tell me what it says.

**The Vice-Chair:** Mr Tilson, if you would like to take a two-minute break and run up and get the copy of the statutes from your office, then it would be—

**Mr Tilson:** I guess I'm just repeating what the concern of Mr Harnick is. It seems to me that when we're going through these sections, it's very strange that all of us don't have a copy of the section before us. It's fine for Mr Klopp to sit over there and tell us what he thinks it says, but he hasn't got a copy before him and my guess is he has no idea what it says either.

**The Vice-Chair:** Thank you, Mr Tilson. In terms of section 9, I would ask that you confine yourself to the debate on section 9. It has been the tradition of this place, as I understand it, that the bill, as it is put forward, is all that is required in terms of being delivered to the members and that each of us has in our offices a copy of the statute—

**Mr Tilson:** On a point of order, Mr Chair: That's nonsense.

**The Vice-Chair:** —of all the statutes of Ontario—

**Mr Tilson:** That's absolute nonsense, Mr Chair. There's no question that this committee—

**The Vice-Chair:** —but to facilitate this afternoon and your request, it is being copied and will be delivered to you. I would like to move along with section 9 in the interim.

**Mr Tilson:** While we're waiting then, perhaps I could have it explained again to me, in English, what subsection 62(1) says. I don't want it read to me; I heard Mr Owens. I'd like somebody to tell me.

**Mr Elston:** If I could take a stab at it, just to be helpful, we've had a chance to take a look at the section. It basically is just suggesting that instead of having "by the Lieutenant Governor in Council,"—because the Lieutenant Governor in Council

does not make an order now under section 61, that phrase is to be removed—the order is made now by the commissioner, and then it proceeds to talk about the order being made to allow the commissioner to go into possession of the assets of the company.

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This is an easier case. I do think that in the later stages we should make sure we each have our own sections here, but I think this one is a relatively straightforward one, and perhaps at another day we can make sure that the statutes are here.

Certainly, section 10 as well is going to be relatively straightforward, because they actually revoke—

**Mr Owens:** Are you moving that the question be now put?

**Mr Elston:** No, I'm not going to get into that business. You've got ample. I'm just trying to help.

**Mr Tilson:** As I understand it, then, what this is doing is taking it out of the political arena and putting it in the hands of the commission. Is that what it's doing? Is that your understanding?

**Mr Owens:** That may be a bit of a crass characterization, but essentially what it is—

**Mr Tilson:** Crass but true?

**Mr Owens:** Crass but correct—is simply moving it out of cabinet and into the commission, taking it out of the partisan arena that it currently may reside in. As Mr Elston points out, it's a fairly simple amendment in its explanation and its application.

**Mr Elston:** Simple but—

**Mr Owens:** Simple but far-reaching.

**Mr Elston:** Exactly.

**Mr Owens:** I'm finished with my explanation, if people are ready to vote.

**The Vice-Chair:** All in favour of section 9 carrying? Carried. Section 10.

**Mr Owens:** Just by way of a quick explanation, this provision sets out the appeal procedures where assets are seized, and in terms of the reasoning behind that, in moving it out of the purview of cabinet and into the purview of the commission, the appeal procedures are required to again address the issue of fairness and reasonableness.

**Mr Tilson:** What does subsection 63(1) of the act say?

**Mr Owens:** Subsection 63(1) of the act says:

"Despite section 62, an insurer may appeal to the Divisional Court from any order made by the Lieutenant Governor in Council under section 61 within thirty days after the delivery of a copy of the order to an officer of the insurer.

"(2) An order of the Lieutenant Governor in Council under section 61 shall take effect immediately, but

where there is an appeal, a judge of the Divisional Court may grant a stay until any appeal is disposed of.

“(3) The commissioner shall certify to the Divisional Court,

“(a) the decision of the Lieutenant Governor in Council;

“(b) the reports of the superintendent to the commissioner or the Lieutenant Governor in Council;

“(c) the record of any hearing; and

“(d) all written submissions by the appellant to the superintendent, the commissioner or the Lieutenant Governor in Council.

“(4) The commissioner is entitled to be heard, by counsel or otherwise, upon the argument of an appeal under this section.

“(5) Where an appeal is taken under this section, the court may by order direct the superintendent to take such action as the court considers proper or refrain from taking any action specified in the order and the superintendent shall act accordingly.

“(6) Despite the determination of the appeal under this section, the commissioner and the Lieutenant Governor in Council have power to make any further reports and orders on new material or where there is a material change in the circumstances, and any such further order is subject to appeal under this section.”

**Mr Tilson:** No questions.

**Mr Harnick:** Under subsection 63(2) it states “but where there is an appeal, a judge of the Divisional Court may grant a stay until any appeal is disposed of.” Why is that taken out of section 10 of the bill?

**Interjection:** That’s not been taken out.

**Mr Harnick:** Show me where it is in section 10. Subsection 63(2) is amended by striking out “an order of the Lieutenant Governor”—okay, so that the balance of that stays. Okay.

**The Vice-Chair:** Are we all happy now?

**Mr Tilson:** We’re happy, Mr Chairman.

**Mr Harnick:** It’s amazing how simple it becomes when you have the act in front of you.

**Mr Owens:** Or even the amendment that we’re discussing.

**Mr Elston:** Could I just ask—I did do my little thing on removing the executive council member from any direct contact with this. Do you feel any discomfort with that at all? In a sense, the real reason the executive council or the Lieutenant Governor in Council was making orders was because of the issue of accountability. Is there any sense that this may be or could be problematic? If it isn’t, I guess that’s fine. Maybe we should have an explanation of what practically would occur if something like this were to happen.

**Mr Owens:** Having the highest regard for your

concerns and understanding from your experience as a member of the executive council—

**Mr Elston:** I was in it.

**Mr Owens:** —particularly in this particular portfolio, I can understand why there may be some twinges with respect to judgement and accountability. It’s our feeling, however, that ultimately the accountability is still there. In terms of the political masters, or however you want to characterize the executive council, ultimately the accountability is still there, whether in statute or by the more ethereal ministerial responsibilities. I understand why you have a level of concern. In terms of undermining that responsibility, I don’t believe that happens.

**Mr Elston:** I think ultimately, as I said in my remarks earlier, that the minister will be ultimately responsible, but there is no direct contact, there’s no early contact. Basically, this will set up the regime for insurance, but it seems to me that the regime for deposit-takers like credit unions and the regime for organizations like trust companies will still be the direct link. I presume the superintendent of deposit-taking institutions is still required to go to the Lieutenant Governor in Council for all of the orders to seize assets.

This is just different. It’s a new embarkation towards a different type of regulation, or at least a regulation that’s one step further removed from the political process. I just wondered if you are now going to do the same with the rest of those organizations as well.

**Mr Owens:** You’re probably aware of the industry-led credit union review that has taken place with respect to the credit union act and that there are currently legislative proposals being drafted that may or may not form part of those proposals. I can’t quote you—

**Mr Elston:** It would seem fairly reasonable: that “may or may not.”

**The Vice-Chair:** Maybe he will, maybe he won’t.

**Mr Owens:** I can’t quote you chapter and verse on the recommendations, what the industry has recommended, but I think from your recollection in your time as minister of this portfolio that there was want of the credit union movement to be more independent, more self-regulating in terms of its affairs. How we do that is still certainly an issue for the minister to work through.

**Mr Elston:** I’m now fully informed.

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**The Vice-Chair:** Should section 10 of the bill carry? Carried.

Section 11. Mr Owens, isn’t there a government amendment on this one?

**Mr Owens:** Absolutely.

**Mr Harnick:** Excuse me. My recollection is that when the insurance bureau presented its brief, it had a significant number of proposals to amend the with-



drawal sections. I wonder if we can take a look at the proposals they made to see if any of them were incorporated into the withdrawal provisions that now appear in the amended version. Is that possible?

**Mr Owens:** Mr Harnick, we will not be able to tell whether or not the proposals form part of the amendment until I read the amendment into the record and it's put on the table.

**Mr Harnick:** That's fine, but I wonder if—

**Mr Owens:** If you would please allow me to read the amendment and then we can get into a further discussion.

**Mr Harnick:** Be my guest.

**Mr Owens:** Thank you. I move that section 11 of the bill be struck out and the following substituted:

"11. The act is further amended by adding the following section:

"Withdrawal from automobile insurance

"Interpretation

"65.1(1) For the purpose of this section, an insurer is withdrawing from the business of automobile insurance if the insurer does anything that results or is likely to result in a significant reduction in the amount of gross premiums written by the insurer for automobile insurance in any part of Ontario, including any of the following things that have or are likely to have that result:

"1. Refusing to process applications for automobile insurance.

"2. Declining to issue, terminating or refusing to renew contracts of automobile insurance.

"3. Refusing to provide or continue coverages or endorsements in respect of contracts of automobile insurance.

"4. Taking actions that directly or indirectly result in termination of contracts between the insurer and the agents and brokers who solicit or negotiate contracts of automobile insurance on behalf of the insurer.

"5. Reducing the ability of the agents or brokers to solicit or negotiate contracts of automobile insurance on behalf of the insurer.

"6. Reducing the insurer's ability to act as a servicing carrier or ceasing to act as a servicing carrier under the plan of operation of the Facility Association.

"7. Taking actions that directly or indirectly result in the termination of any contract between the insurer and the Facility Association.

"8. Engaging in any activity or failure to act that is prescribed by the regulations.

"Withdrawal from automobile insurance

"(2) An insurer shall not withdraw from the business of automobile insurance except in accordance with this section.

"Procedure for withdrawal

"(3) An insurer that intends to withdraw from the business of automobile insurance shall file with the commissioner a notice in the form provided by the commissioner.

"Time for notice

"(4) The notice shall specify the date that the insurer intends to begin to withdraw from the business of automobile insurance and shall be filed at least 180 days before that date.

"Additional information

"(5) The commissioner may require the insurer to provide such information, material and evidence as the commissioner considers necessary in addition to the information, material and evidence required to be provided in the notice.

"Authority to withdraw

"(6) The insurer may withdraw from the business of automobile insurance on or after the date specified in the notice under subsection (4).

"Commissioner's powers

"(7) Despite subsection (6), the commissioner may,

"(a) authorize the insurer to withdraw from the business of automobile insurance before the date specified in the notice under subsection (4); or

"(b) prohibit the insurer from withdrawing from the business of automobile insurance until a date specified by the commissioner that is not later than ninety days after the date specified in the notice under subsection (4).

"Application of regulations under subsection 121(1), paragraph 16

"(8) The commissioner may order that the regulations made under paragraph 16 of subsection 121(1) do not apply to a class of contracts, coverages or endorsements specified by the commissioner to which the insurer is a party."

**The Vice-Chair:** Thank you, Mr Owens. Any discussion?

**Mr Tilson:** Mr Chairman, I was just looking for some of the comments that did come, anticipating this amendment. I do know that there was one which was concerned that the proposed amendment was too broad. I believe it was State Farm that made some comments submitting that the proposed definition was too broad. They felt that a more appropriate definition of "withdrawal" would be the actual tendering of licence to do so in the province, whereas the proposed amendment that you're speaking of is much broader.

I'd like to read very briefly what they have said. This is an undated paper. I have no idea where I got it.

**Mr Klopp:** Found it on the floor.

**Mr Tilson:** Probably found it on the floor.

"The withdrawal-from-the-market proposal in Bill 164 will be amended by the government. While the amendment is an improvement upon the current draft, it needs further revision.

"The Ontario provincial government traditionally has recognized the value of allowing for relatively easy entrance and exit from the auto insurance market in Ontario. This fosters competition and provides for consumer choice. It also allows for an investor to expect a reasonable rate of return.

"The definition of what constitutes a withdrawal from the market is overly broad. If an auto insurer, for example, decides to discontinue an endorsement on the auto policy for any reason, then the entire regulatory machinery of withdrawal is imposed upon the insurer.

"If the intent of the drafters of 164 is to provide for an orderly, systematic system of market withdrawal, then the current draft misses the mark substantially."

I'd like Mr Owens or the staff to comment on that suggestion, that perhaps the amendment that's being proposed is overly broad. State Farm has suggested that there would be an actual tendering of the licence to do business in Ontario to trigger the withdrawal-from-market provisions that you're anticipating.

**Mr Owens:** One could certainly never accuse State Farm of not using colourful language in its descriptions about how much it doesn't like this bill, or this provision in particular.

As I stated during the public hearings and as other groups stated during the hearings, this provision is not broad in any respect. We have done extensive consultation with the industry on this issue and in fact this is a reasonable compromise. We're talking about 180 days for the purposes of notification, a further 90 days after that, so it's clearly not intended to be the draconian measure that State Farm seems to envision and the member for Dufferin-Peel seems to concur with.

I think that, again, the intent of this section is to provide a stable marketplace for consumers of insurance. The government is not saying that an insurance company will never be able to withdraw from a market, but we want to ensure that the stability of the marketplace is protected and that certainly the consumers of automobile insurance are protected as well.

**Mr Tilson:** I don't think you should be so sensitive, Mr Owens. I think if anything, State Farm was congratulating you on modifying the provision that you'd really put forward in Bill 164. I do think, however, that they deserve an answer to the example that they've given whereby a company decides to discontinue an endorsement on the automobile policy. If a company decides to do that, whether it's State Farm or any insurer, then that triggers this section. That's their concern, that that may not necessarily be withdrawing from the market. They simply may be withdrawing an endorsement on a specific policy.

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**Ms Julia Bass:** Which paragraph is it that you're referring to, Mr Tilson?

**Mr Tilson:** I guess what I'm getting at is that they feel that the definition is too broad and that if you look at the overall section of section 65.1, it does mean, for example, as I understand it, unless you can show me to the contrary, that if you do withdraw a specific endorsement, that's the end of it; they're deemed to be withdrawing from the market.

I don't think anyone's going to challenge what you're saying, Mr Owens. Obviously, if a company is going to get out of the business, then that's getting out of the business. That's what the intention means; that's what the section means of withdrawal from automobile insurance. In other words, you simply say, "We're not going to do automobile insurance any more."

I agree with everything that you're saying; I think State Farm does as well. They're simply giving the example that if you discontinue an endorsement, you still may remain in the auto insurance industry, but the specific company may discontinue an endorsement.

The staff may want some time to pause on that. If I'm wrong, that's fine, but they put that submission forward to the committee, and I think it's a reasonable request to hear a response from this committee.

**Mr Owens:** I certainly would never want to accuse you of being wrong.

**Mr Tilson:** Well, I never am; sometimes I'm misguided.

**Mr Owens:** I don't believe that the intention is that endorsements be classed as a substantial reduction in the amount of business. However, one would certainly want to be concerned about the number of consumers that may be caught out in the event that this business decision was made. I'll ask Ms Bass to provide a further response on that.

**Ms Bass:** I think it might help to read the eight paragraphs in connection with the wording at the top. I think those two things have to be read together. There are eight paragraphs set out in the motion, each of which would be regarded as, to some extent, alarm signals with regard to the ability or intention of the insurer to continue to offer auto insurance.

I think, read together with the wording at the beginning, the objective here was a consumer protection measure that would attempt to come up with an overall view of what constitutes an intention to withdraw from the market. I believe that this is a fairly conservative definition, reading those paragraphs together with the wording at the top.

**The Vice-Chair:** Mr Elston.

**Mr Tilson:** I haven't finished, Mr Chairman.

**The Vice-Chair:** Oh, sorry.



**Mr Tilson:** I am concerned on this point, because if I look at the opening lines of section 65.1, the reasons that are given, those eight reasons, the wording says to include "any of the following things that have or are likely to have that result." That is the very point that State Farm is saying. I hope I'm interpreting them; that's why I read what their definition was, what their concerns were. Their concerns were that these eight reasons give too broad a definition.

I must say, if the intent is to use the opening heading, which is "Withdrawal from Automobile Insurance," then it's precisely that, but you could interpret that if there was the discontinuance of an endorsement on a specific automobile insurance policy, reading any one of these eight things could be interpreted as a withdrawal from automobile insurance and hence would trigger the mechanisms that Bill 164 is intended by. So that was their very point, that those eight reasons are too broad.

**Mr Owens:** But again, if I can respond, in terms of the effect that the dropping of that endorsement may have, depending on the number of subscribers to that particular endorsement, in fact there may be a significant impact that would have to be studied before the allowance of that action to take place.

Again, and I think that you agree with me, we're certainly interested in consumer protection and the stability of the marketplace with respect to the insurance industry and that this provision allows for that to happen.

**The Vice-Chair:** Mr Harnick, you're going to attempt to be helpful on this question?

**Mr Harnick:** I think so.

**Mr Tilson:** Always.

**Mr Owens:** Say they dropped the TTC endorsement. Charlie wouldn't be able to get back to his riding.

**Mr Harnick:** I drive. I don't take the better way.

**Mr Tilson:** Too expensive.

**Mr Harnick:** Not always, though.

**Mr Owens:** Do you hear that, Mayor Mel Lastman? Charles Harnick does not take the subway to work.

**Mr Harnick:** I was on the red rocket yesterday.

**Mr Tilson:** What happened?

**Mr Harnick:** The car was broken.

What I think you have to look at, and I'd appreciate the guidance of the ministry counsel, are the statutory conditions that are set out in the Insurance Act, and it's always very helpful to have the Insurance Act in front of you, as I now have.

**Mr Tilson:** How come I don't have one?

**The Vice-Chair:** He went to get his.

**Mr Harnick:** If you take a look at the statutory conditions set out in section 234 of the Insurance Act and you take a look at statutory condition 12, where we

deal with termination, it seems to me that the procedure there sets out what an insurer must do to terminate a contract of insurance, and it sets out that the insurer has to give the insured 15 days' notice of termination by registered mail or five days' written notice personally delivered, the insurer has to refund the excess of premium actually paid over the proportionate premium for the expired time etc, and the refund shall accompany the notice unless the premium is subject to adjustment etc.

It seems to me that this will tell you that an insurer is entitled to terminate, under certain conditions, an individual insured, which on the face of it would answer the question that State Farm has asked.

But I think if you go a little bit further, State Farm then goes on, and what if it decides—

**Mr Tilson:** Come on, Floyd, we're talking about you.

**Mr Harnick:** He must have heard us.

If State Farm decided, for whatever reason, because it wanted to cut costs, that it was going to take a thousand of its worst risks who were always delinquent in their payments or who were outstanding on any given day and it was going to send termination notices to a thousand people all on the same day, complying completely with section 12 of the statutory conditions, does that mean that it has done something that results or is likely to result in a significant reduction in the amount of gross premiums written by the insurer for automobile insurance? And any one of the things that might be construed that way are listed (1) through (8), the second one being declining to issue, terminating or refusing to renew contracts.

So what I think you have here is, you have to have some kind of reference to the fact that an insurer can terminate, pursuant to the statutory conditions set out in section 234. But at the same time, if you decide you're going to, in one day, terminate all of your bad risks, all the people who are delinquent—and there might be several thousand if you're a big company like State Farm—then the government can turn around and say, "What you're doing is you're withdrawing, and you can't do that." And they say: "No. All we're doing is we're terminating people who were delinquent in payments pursuant to the statutory conditions." Do you follow me?

1640

**Mr Owens:** Yes.

**Mr Harnick:** And what you have is a significant conflict.

I think the wording of this section is not particularly helpful. It says there has to be a "significant reduction in the amount of gross premiums written by the insurer." What's a significant reduction? If you have a thousand people who haven't paid and you terminate

them and they're all paying \$1,000 a year in premiums—what's a thousand times a thousand? A million dollars. That's a lot of money. Somebody may say—

**Mr Elston:** Didn't I just hear him say, "What's a thousand times a thousand?" Isn't that the same as saying, "What's a million dollars?" I can't imagine that someone could say that.

**Mr Winner:** What's a million times a million?

**Mr Harnick:** I don't know. I can't think in terms of that many zeros.

*Interjections.*

**Mr Harnick:** I'll tell you, you guys have cornered the market in terms of thinking in that many zeros.

**Mr Elston:** I think we just turned a new corner in the debate.

**The Vice-Chair:** At this point, do I ask, does section 11 carry, or what?

**Mr Harnick:** I think the real dilemma is, what is a "significant reduction in the amount of gross premiums written by an insurer"?

**Mr Owens:** Does a tree make a noise if there's no one around when it falls over in the forest?

**Mr Harnick:** I've heard that.

**The Vice-Chair:** Let's stay on the course of this section. Mr Harnick, have you finished your questions?

**Mr Harnick:** Is what I said understandable?

**Mr Winner:** As understandable as it usually is.

**Mr Harnick:** I tried to be as concise and clear as I could.

**The Vice-Chair:** Could I move this along a little bit? You are out of order and you are out of order. Could we move this along and could I have a response from counsel, please.

**Ms Bass:** I think Mr Harnick is absolutely right that this turns on the meaning of the words "significant reduction," and that was what I was trying to allude to before, perhaps unsuccessfully. I don't think anything that could be regarded as the normal course of business would have been regarded as a "significant reduction in gross premiums" for the purpose of this provision. To me, the wording is fairly clear that this is talking about something that would be out of the ordinary course of the insurance business day to day.

**Mr Harnick:** Could it not be expressed in terms of a percentage so that there would be clarity? In other words, if you wrote down 20% of your business in a given period of time?

**Ms Bass:** I think there might be some definitional problems as to exactly how you measure the amount of business carried on by a specific company. I don't think the intent is contrary to the wording we have here, but I would have to reserve on whether that is practical from a definitional point of view.

**Mr Harnick:** You see, the definitions that are here now are obviously going to be very much subject to litigation, I would think. If State Farm decided that it wasn't a significant reduction and the government said, "Yes it is," somehow or other, someone's going to have to decide.

It seems to me that all the insurers have to provide certain filings and certain disclosure to the government in terms of their operations. If you could determine what a percentage of their operation was from auto insurance and then if you tried to eliminate a percentage of that business beyond a certain point, then you could be deemed to be in a withdrawal position, but it would be much more precise than what's here.

**Mr Klopp:** I think I can live with these words. I appreciate Mr Harnick's view and I even said something like a percentage, but then again, what is a significant amount? Most companies—they'll have their numbers. It's quite clear that it says there are eight points the commission will look at, and I think most insurance companies can understand the words "significant reduction in the amount of gross premiums."

So I don't think I have a big problem with this. I recognize the point, but obviously we don't like to use percentages. They're going to check into that, but you can get an argument that, say, if we have that 10% is significant, then they go and write 11.4%, I'm sure their good lawyers would probably argue, "That's just a little bit over the line," and then it would probably go to litigation, which is only fair in our country.

So I think to say "significant reduction" sends a clear note to the auto insurance companies of this province that they have to look at their numbers. If we have a company that has 50,000 policies, it knows what its significant amount is, versus one like Zurich in my town that has maybe 400 policies. A significant amount to them is a different number, but it's quite clear, I think.

The common sense of it would be that they would know when they're crossing the line, that they would get a phone call from the commission to say: "Listen, we want to sit down and talk with you. You have 400 policies, and you've written off 100 today. We hear you aren't letting them reinsure with you." I would say they probably would get a phone call. They may not, but it would at least let them know they're crossing the line with the word "significant" rather than a number. So I can support this as it's written.

**Mr Elston:** Actually, a couple of the points I want to speak about are exactly on this item. There are some obligations where, let's say, the insurance company did not want to insure me or did not want to write the contract of insurance for me. I can appeal to the commissioner and the commissioner can then require the company to actually file the reasons it doesn't want me as a risk.



In fact, I borrowed a copy of the Insurance Act and subsection 238(1) has the provisions there that in the normal course of business the companies can file. I'm wondering, under the circumstances, if we couldn't add, for instance, under paragraph 2, which talks about "declining to issue, terminating or refusing," something like, "other than on a ground filed with the commission under subsection 238(1)," so that we are absolutely clear and precise with respect to the fact that they can do certain things. The commission is already taking notice of this.

What I think this section is designed to do is to prevent a company all of a sudden coming away from the marketplace and issuing a series of refusal notices, telling people, "You just will not be rewritten," sort of as a surprise to everybody.

But it is not beyond comprehension, for instance, to have a company from outside Metro Toronto—having regard to the fact that Toronto is an interesting marketplace for a lot of non-Toronto companies to get involved in, I might very well, as a member of the insurance company, decide I don't want to take any new business in Toronto because there may be too large an exposure. In fact, I may be putting myself at risk in terms of solvency and other things, and I could then say, "I do not want to take on any new business in this geographic area because I have taken on too large a proportion of the risk in that market area." I could file a notice with the commissioner saying, "I do not wish to take on any more business in that area and in fact I have found myself at risk as a result of taking too much and I am going to terminate business." In fact, I could probably get the superintendent of insurance to support my requirements.

So I think what we could do is leave paragraph 2 under section 65.1 as it is but just add "other than on grounds filed under subsection 238(1) of the act." I don't think that confuses anything and I think it lets people then be consistent with the operation of the act.

I think a similar argument can probably be made under paragraph 3. I won't repeat my arguments for that, but it really does, I think, make it far more precise and it does tell the companies that as long as they're dealing up front with the commissioner and he knows, she knows, what's going on, then there isn't any real big surprise.

Maybe I could just stop there. I've got another couple of points in relation to items 4 and 5 under these paragraphs, but perhaps if you'd like to make a comment or two on those items or if you have any concerns about them, maybe we should stop there before I move on.

**Mr Owens:** Can we maybe have a two-minute conference?

**Mr Tilson:** This isn't an adjournment; it's a conference?

**Mr Elston:** You can only take one time-out during each period.

**Mr Tilson:** That's right; it's not allowed.

**The Vice-Chair:** We will have a 10-minute recess till 5 o'clock. While we're doing this, Mr Elston, perhaps if there are other issues as well that you might want to address and talk about—

**Mr Elston:** For instance, the next items are talking about the ability of agents or brokers to deal with companies. I have some information in the insurance industry that the people are terminating relationships with various organizations, and you might have some clause that would say "except under the regular course of business" or whatever. I don't want to see anybody lose associations with any insurers or otherwise, but from time to time people do change their agents or brokers of record for the company and I think you might want to consider whether or not you could put in something like "in the regular course of business."

Again, I would suspect that the commission would be advised if there were a wholesale termination of agents or brokers in dealing in the community. If we could put that in as well, I think that would mean there would be probably somewhat less requirement for formal interventions and I think people would then understand what was going on. I have a couple of other things on other subsections, but that deals with the eight point things, I think.

**The Vice-Chair:** We will take a recess until two minutes after 5.

The committee recessed at 1652 and resumed at 1704.

**Mr Owens:** Are we back in session?

**The Vice-Chair:** We are back in session. Yes, we are.

**Mr Owens:** We've spoken to legislative counsel, and I'd like to have some comments made from counsel with respect to the section and in terms of its impact on the section, if in fact amendments that have been proposed by members of the opposition are made from a technical perspective.

**The Vice-Chair:** Legislative counsel will need a microphone, please.

**Mr Beecroft:** I would simply point out that the eight items listed in subsection (1) of this motion are merely examples. The test of whether an insurer is withdrawing from the business of auto insurance is whether or not the insurer does anything that results or is likely to result in a significant reduction in the amount of gross—

**Mr Klopp:** Will you talk a little louder, please?

**Mr Owens:** Before you came up, this is in relation to some of your comments.

**Mr Elston:** I was distracted by the parliamentary assistant, or at least the legislative assistant to the

minister responsible for auto insurance. I was chatting with him about trying to clean up some of the problems that this bill is causing. So I apologize.

**Mr Owens:** I appreciate your attention to our business.

**Mr Beecroft:** The eight items listed specifically in subsection (1) are simply examples. The key test for whether an insurer is withdrawing from the business of auto insurance is whether it does anything that results or is likely to result in a significant reduction in the amount of gross premiums written by the insurer.

Simply changing the words of paragraph 2 or changing the words of paragraph 4 doesn't do anything to change the test. So you haven't actually changed anything if you do that.

**Mr Elston:** If I may comment on that though, one of the tests is whether or not the paragraphs have been met, because it does say the test is met if it includes some of the following or it could include some or any. If the person says, "You have terminated a number of agents or brokers," for instance, then that is going to be a significant issue for them, and it seems to me in fact it could, because I might very well decide not to write any more insurance in a geographic area, as an insurer, and then the test would be met and there would be a significant reduction in the coverage for that particular area.

In fact, as it was the case when I was minister, the most difficult market to get coverage would be the Metropolitan Toronto area, where a number of insurers decided to withdraw. Then any substantial withdrawal from that geographic area would be seen to be terminating the practice of writing insurance. I rather think, under those circumstances, that the modification of those paragraphs is necessary.

**Mr Owens:** I think, from the policy perspective, that the clause is intended as a mechanism for notification.

**Mr Elston:** Sorry?

**Mr Tilson:** For what?

**Mr Owens:** The policy intent of the clause is to provide a method of notification that in fact the insurer intends to do as you say, to withdraw or to cease selling from a marketplace, whether it's northern Ontario or a section of Metropolitan Toronto, for whatever reasons that company may deem reasonable. In fact, it will allow, again, for the commission to track this activity. It is by no means a method to prevent that from happening. Mr Elston, your example, I think, is a good one in terms of why this kind of a clause is necessary.

**Mr Elston:** No, listen. I'm not talking about whether or not the clause is necessary. I'm just trying to make it a little bit more certain that as long as the insurance companies are complying with other statutory requirements in the regular course of their business, they shouldn't be penalized by it.

If you're really absolutely sure you don't want to have this clarification in there, then I guess I can't proceed with it. But I just think it makes a much more rational type of legislative amendment if you restrict it to exceptional circumstances of withdrawal. These basically—the four areas which I have suggested—are merely indications that the insurance company is performing its duties within the requirements of the act and within the requirements of regular course of business.

1710

In fact, it also has in those cases been in touch at some point or other with the commission, with the exception of perhaps issues around agents and brokers, but the other ones, the communication is there, and what the sections are designed to do is prevent surprise. I mean, that's really what this is all about, and I'm just saying there can't be any surprise if the insurance company is already complying by giving notice that it's not going to be writing new contracts of insurance for several reasons that it's enumerated and brought to the commissioner's attention under subsection 238(1).

I think it's straightforward, and while I agree in general with the counsel's presentation earlier on, I think there are circumstances in which the modification of these paragraphs ought to be included to make it extremely clear.

I've put the case, and if you're all decided you don't want to do it, that's fine, and we'll have to move on. But I think it's more rational to make sure that we are precise when we're dealing with this.

**Mr Beecroft:** If I could just make sure I understand what Mr Elston is saying, leaving aside the precise words that are used to accomplish your objective, I take it that the policy you're suggesting is that an insurer that significantly reduces its amount of gross premiums in the ordinary course of business, using mechanisms that it would otherwise be allowed by the act to use, should not be considered to be withdrawing.

**Mr Elston:** Yes, that's right, because basically the commissioner already knows, and there's sort of an understanding that if you're complying and the commissioner knows you're complying under one of the other sections of the act that the activity is being carried on—and for some valid reason, presumably. There would be a sense, in my view, that the commissioner would not allow you to withdraw from insuring or terminate a contract of insurance against someone; otherwise you wouldn't even have to file to begin with. If they get the reason that they don't want to insure me because "I just don't want to insure him because he's formerly a resident of Bruce county," then they're not going to let the guys terminate my contract anyway.

They've got to have a real reason, like (1), I never pay—I presume that's always going to be a good reason for terminating insurance; (2) I have committed a fraud



in my application, or a whole series of other sort of unhappy events that I have perpetrated on the insurer. It's in that sense that I think the commissioner is not going to let them reach the test of, whatever that word is, significant reduction in the amount of gross premiums under that circumstance, if the filing does not give them the reasons for doing it.

Now, I can say I'm not going to write any more in Metropolitan Toronto because—and the list is going to be, (1) I'm going to become unstable, I don't have enough reserves; (2) I've already got 8% of the market and that's too much in relation to other companies' carriage, or (3) I can't get reinsurance, whatever it is. I just think it's much better. As long as the commissioner knows what's happening and has allowed the person to proceed, then I think that we could probably deal with it.

An interesting case in point was, just as I was coming into the Ministry of Financial Institutions, and I think the minister just before me—there had been some contract problems in Metro and a company came in and accepted brand-new Metropolitan Toronto insurance, a large amount of it, and in fact put itself after a few months into a very difficult situation financially because of the exposure. Obviously, nobody would force them then to accept new contracts of insurance, because you're not going to force them to do something that extends them into an instability situation.

**Mr Owens:** And in fact that's not the intent of the language.

**Mr Elston:** In fact, the superintendent was suggesting that they remove themselves from some of the market. That was substantial, because they were a relatively large writer. In fact, they were a significant writer of insurance. But it was done under the auspices of work with the superintendent at that point. We didn't have a commissioner.

So I'm just suggesting that those are real circumstances. I think the modification has to be there, and as long as the commissioner knows and as long as the companies are operating in the regular course of business, I don't see what the problem, in fact, might be.

That's really what this legislation—by the way, I'm not really a supporter of the withdrawal section at all, but if we're going to have it, then let's make it work in a reasonable fashion. That's all I'm proposing.

**Mr Tilson:** I think the point raised by State Farm is certainly a legitimate one. Counsel has indicated that the key test is where an insurer withdrawing from the business of automobile insurance—if the insurer does anything that results or is likely to result in a significant reduction in the amount of gross premiums written by the insurer.

The difficulty is, when I look at members of the government when they were debating—and I wasn't

here at that time. Mr Elston was, of course, and experienced an interesting time with the members of the opposition—

**Mr Elston:** I was always so happy with the support of the Conservative caucus.

**Mr Tilson:** I'm certain you were. One of the difficulties we had with Bill 68, of course, was the uncertainty of the threshold test; in other words, the word "uncertainty." In other words, what did the words "serious" or "permanent" mean? Well, we may find out in August what it means after these cases are determined by the Court of Appeal.

**Mr Klopp:** Or in October. Or later.

**Mr Tilson:** Or later, yes, that's right. But now we're into another section which is talking about yet another definition. In other words, what does "significant reduction" mean? I don't know what it means. I defy anyone in this room to tell me what "significant reduction" means. To use either Mr Klopp's or Mr Harnick's words, when we start talking about percentages maybe it's 75%, maybe it's 45%. It's a problem that the insurance industry, which is trying to determine some sort of certainty in this business, is now going to be put in. The insurer does anything—and there's no question that eight examples have been given. As Mr Elston said, it could be any one; it could be a combination. I believe the staff said the same thing.

You look at point 6, of course, "engaged in any activity or failure to act that is prescribed by the regulations." Well, that means that there could be eight more examples or there could be 16 more examples that could be created from time to time that we don't even know about yet.

That is why, to return to my opening remarks, to repeat the concern of State Farm that this is a very broad definition and that they, as I'm sure the insurance industry, as I'm sure I and anybody in this room, will have a difficult time determining what this test means.

Mr Owens misinterpreted me. I don't know whether I necessarily agree with the definition that they suggested, and the suggestion would be, to use their words, "a more sensible definition of withdrawal from the market would be the actual tendering of the licence to do business in the province." Well, that may be too narrow; I don't know. I do concur with him, however—

**Mr Owens:** It is extremely narrow.

**Mr Tilson:** Well, that's right, it may well be.

**Mr Owens:** It envisions a worst-case scenario. I prefer to use the examples provided by Mr Elston as a good rationale with respect to the necessity for this language.

**Mr Tilson:** Again you misunderstand me, as you're wont to. I am simply saying that this definition is a very, very broad definition, the simple observation. Section 8 really says it could be anything, as do the

opening paragraphs. It says it "includes any." Of course, "to have" or "likely to have" mean that it could be determined that something the insurer is doing and may be doing is going to result in its possibly taking actions resulting in a withdrawal from automobile insurance.

1720

So I guess I express a concern that I fear this is going to lead to continual queries. I don't know where you decide. I don't know who decides what "significant reduction" means. I mean, someone who has had more experience in this than I can tell me, but I would assume the commission does that. I would assume that. Can counsel tell me that?

**Mr Beecroft:** Ultimately, if there's a dispute about it, it would have to be resolved in the courts. The commission could say, "We think you're withdrawing."

**Mr Tilson:** Then they appeal to the Divisional Court under that previous section.

**Mr Beecroft:** Well, not under that section—

**Mr Tilson:** Another section.

**Mr Beecroft:** —but they could challenge that ruling.

**Mr Tilson:** I guess that is the fear I have, that we've seen the uncertainty of a provision in Bill 68, in which I'm sure even Mr Elston would concur the words "serious or permanent" have given—

**Mr Elston:** The words "serious and permanent."

**Mr Tilson:** I'm sorry, I'm starting to think in other terms.

**Mr Elston:** You certainly are.

**Mr Tilson:** Yes, indeed. "Serious and permanent" is a very vague definition.

*Interjection.*

**Mr Tilson:** If I could finish, my comparison to that section in Bill 68 is the very section that we're now dealing with. There is a great deal of uncertainty. What does "significant reduction" mean? What does anything mean?

**Mr Elston:** Why don't we try "serious and permanent reduction"? How's that?

**Mr Tilson:** What does "have or are likely to have" mean? There are all kinds of words really defining definitions that we haven't even seen yet. I'd like the parliamentary assistant or some of the staff to comment on that as to how the consumer and the insurance industry will be able to rely on this section with all of this uncertainty.

**Mr Owens:** Just one more time for clarity, this is a notice provision that allows or, probably more accurately, compels insurance companies to notify the commission. Within 180 days is an extremely reasonable period of time.

**Mr Tilson:** On a point of order, Mr Chairman: We're dealing with subsection 65.1(1), which is the

definition of "withdrawal from business." We're not dealing with the subsections, at least I'm not dealing with the subsections, dealing with the various notices. I'm dealing specifically as to what it means. So that when it is—I'm sorry?

**The Vice-Chair:** With due respect, Mr Tilson, we're dealing with all of them.

**Mr Tilson:** That's fine, but he's talking about notices. That's all very fine and good. What I'm talking about, what I thought the rest of the debate was at this time on this specific section, is the concern as to what "withdrawal from automobile insurance" means. That is dealt with in subsection 65.1(1), and we're referring specifically to the key test of "significant reduction" and how no one knows what that means.

It's fine if you want to deal later with the notices, the notice provisions that are dealt with in subsection 65.1(4) and the other subsections, but I would like your comments specifically on subsection 65.1(1) to deal specifically with the key test of that definition.

**Mr Owens:** To begin with, I don't think that you can read the clause in isolation. In terms of the other applicable sections or examples, as Mr Beecroft has characterized the subsequent points, there has to be an ability to describe the process as a process for notification. What is significant for State Farm may in fact be catastrophic for Tilson Insurance Brokers Inc.

**Mr Tilson:** I'm not afraid; I'd never incorporate.

**Mr Owens:** What needs to happen under this section is that there needs to be an allowance for the variations on the amount of business that is written company by company. I just want to state again that this is a clause that was drafted after much consultation with the industry, and State Farm notwithstanding, there is some level of comfort around this particular provision.

**The Vice-Chair:** Are you finished?

**Mr Owens:** Just one more point. Again, in terms of the issue that Mr Elston raised, there is an ability of the commissioner to abridge the process, to deal with the kind of scenario that Mr Elston was envisioning.

**Mr Tilson:** Before you leave that, Mr Chairman, I thought I had the floor on the specific issue of the key test. He's moving on to something else, I think, and that may be fine.

I'd like to get back to the comment that counsel had indicated, that if it's determined that a company has made a significant reduction in the amount of gross premiums that is challenged, that would go to the insurance commission; the insurance commission makes a decision, that ultimately would end up before the courts. Now, you know perfectly well that if a—

**The Vice-Chair:** Is that a recess? A 10-minute recess.

**Mr Tilson:** Why not.



The committee recessed at 1727 and resumed at 1728.

**The Vice-Chair:** That was metric time out. Mr Tilson, you had the floor.

**Mr Tilson:** I think before you stood up, Mr Chairman, I was in the middle of a sentence.

**The Vice-Chair:** Midword, actually.

**Mr Tilson:** Well, you're all looking a lot better and I'm glad to see you back.

I am alarmed by the comments—I don't mean them in a derogatory sense—from the counsel when he says that—you know perfectly well that if this issue arises and there's a dispute over whether an insurance company has withdrawn or has not withdrawn from the automobile insurance, you know that issue, particularly if it goes against an insurance company, and they're going to have to go through all this stuff that you've put in this section, they're not going to stop with the Ontario Insurance Commission. You know perfectly well that because of the broad definition and, with due respect, vague definition that you've created, they're going to be off to the courts.

**Mr Owens:** What is this stuff that you're talking about? This is a notification provision, so they have 180 days to notify the commission.

**Mr Elston:** I think he's talking about the definition that sets up all of this other stuff. You see, they can withdraw from the market. This section says you can withdraw from the market if you follow the rules, and that's when the notice comes. But this says if you don't follow the rules, you're in contravention of this section, and the test for your contravention is contained in subsection (1).

I think, to be quite honest, he is actually leading the right discussion, which is the test of determining a contravention, because this section sets up a contravention. If you don't comply, then you're deemed to be in contravention of the act, ie, you're not giving notice as required under this section that you're withdrawing.

**Mr Owens:** Comments from ministry counsel?

**Ms Julia Fisher:** I think that the probable result of that would be to go to a hearing before the commissioner. The commissioner would order compliance with the act, which would be filing a notice.

**Mr Elston:** But that still doesn't answer his question, which is talking about the test and all this sort of stuff. Actually, to go one step further, my concerns are that you don't want to even get into that issue of whether or not there has been a contravention of the withdrawal proceedings, so you nail down specifics under each of the paragraphs. That's where my suggestions come in. But he hasn't gotten to the notice. He's not even talking about withdrawal, he's talking about a determination that a particular series of events have triggered the test, which is significant reduction in the amount of gross premiums.

He is right in proceeding on trying to understand the definition, because you don't even have to get to the notice if you don't pass any of these tests. I agree with Mr Tilson on this. I may not agree that the definition itself moves in the way he says it does, but that's another item. But I agree that you've got to determine the definition, because it triggers the contravention.

**Ms Fisher:** It triggers the notice provision; it triggers the requirement that you give notice, so that if there's a significant reduction in gross premiums written—and "significant" means having meaning or consequential, important, and is the result of any of these particular actions—then notice should be given.

**Mr Elston:** No, no, no, no, no. That's not what this says. This says you are withdrawing from the market of automobile insurance business if you transgress the test, significant reduction, and some of these clauses are the test for that.

**Ms Fisher:** It's not a transgression. The transgression is not giving notice, right?

**Mr Elston:** No, no, it's withdrawing without giving notice. That's correct. But the thing is, the commissioner can say, "You have breached section 65.1 if you've gone over one of the thresholds that have been designated by these various clauses." Then the world comes to a stop because under section 65, "It is the duty of the superintendent to report to the commissioner any contravention of this act by an insurer licensed thereunder, and thereupon the commissioner may, in his or her discretion, suspend or cancel or refuse to renew," or take such other steps as are required, which is to refuse to permit the withdrawal, ie, you cannot refuse to accept new business and a bunch of other things. But it doesn't require the company to give notice for withdrawal from business under 180 days or any of that if it's not its intention to withdraw from the market.

You totally, I think, have misperceived what this is about. This sets up a contravention. This actually says, "You are withdrawing from the marketplace and you are in contravention of the act for withdrawing."

**Ms Fisher:** No, you're only in contravention of the act if you don't give notice.

**Mr Elston:** That's right, but it may be that I have no intention of withdrawing and I don't want to give notice. There's no reason for me to give notice. But you will have triggered, by saying, "You're significantly reduced in your gross premiums, so you're in contravention."

**Ms Fisher:** But there is a reason for you to give notice in that the actions will or may well disturb the market, so you have to give notice of the fact that the market—

**Mr Elston:** No, no, no, no, no. That's not right.

**Ms Fisher:** It's a significant reduction in gross premiums.

**Mr Elston:** That's not what this section says. It's not what it's about. The test is, if you transgress sub 65.1(1), you are in violation of the act.

**Ms Fisher:** I don't think that's correct.

**Mr Elston:** That's what it says. Read it.

**Ms Fisher:** No, it says an insurer shall not withdraw except in accordance with this section. This section says an insurer that intends to withdraw from the business must file.

**Mr Elston:** Yes, but the test for whether you've withdrawn or not is subsection (1).

**Ms Fisher:** But you can't transgress a definition, can you?

**Mr Elston:** The definition sets up the violation of subsection (2). I'm sorry.

**Ms Fisher:** No, the violation is set up in subsection (2).

**Mr Elston:** That's what I said, and you violate subsection (2) by violating the definition, which is, I've got a significant reduction in my gross premiums.

**Ms Fisher:** And I didn't—

**Mr Elston:** I didn't want to file a notice of that.

**Ms Fisher:** But you have to file a notice. That's what this section is saying: You have to file a notice.

**Mr Elston:** I may not have any intention of doing it. I may not even be trying to get out of the business.

**Mr Owens:** But that's where the requirement has been placed.

**Mr Elston:** Listen, you don't—I'm sorry. I give up. You take over, because they're done.

**Mr Tilson:** All right, I'll get mad now.

**Mr Elston:** If you won't comply with the act, you're in violation. Right?

**Ms Fisher:** Correct, yes.

**Mr Elston:** And you violate it by refusing to write business, and you are withdrawing from the business under sub (2) if you don't pass the test in sub (1).

**Ms Fisher:** No, if you don't file a notice.

**Mr Tilson:** Would you like me to try now, Mr Chairman?

**Mr Elston:** Yes, go.

**The Vice-Chair:** The floor's yours, Mr Tilson.

**Mr Tilson:** Let's look at—

**Mr Elston:** You're violating without even wanting to get out of the business. That's what I'm saying.

**The Vice-Chair:** Mr Elston, let's have Mr Tilson.

**Mr Elston:** I don't want to do a 180-day notice.

**Ms Fisher:** Well, you have to do a notice. You don't have to want to get—

**Mr Elston:** No, you don't, under section 238—

**The Vice-Chair:** Excuse me, Mr Elston, counsel. Mr Tilson has the floor.

**Mr Tilson:** Subsection (2) says: "An insurer shall not withdraw from the business of automobile insurance except in accordance with this section." Well, we have to know what "withdrawing from the business" means.

**Ms Fisher:** That's correct, yes.

**Mr Tilson:** So we're going to look back at subsection (1). Hence, someone may come along—let's say the insurance company decides, "Well, I'm not going to provide coverage in a particular area of Ontario," to use Mr Elston's example. Well, I'll tell you that someone is going to come along and say, "You're withdrawing from the business," and they're going to be in deep doodoo, trouble, because they haven't complied with this legislation.

**Ms Fisher:** And they will have to give notice.

**Mr Tilson:** Exactly.

**The Vice-Chair:** Exactly.

**Mr Tilson:** And hence it's most relevant because, you see, insurance companies could be doing something wrong and they don't even know they're doing it wrong. I'll guarantee you that if the insurance commission comes along and says, "You're doing something wrong," such as using Mr Elston's example, that thing is going to end up in the courts. For sure it's going to end up in the courts.

Why is it going to end up in the courts? It's going to end up in the courts because the definition section, subsection (1), is too broad. It's too general. We don't know what "significant reduction" means. The insurance company, for heaven's sake, won't even know because of clause 8 in subsection (1), which says "Engaging in any activity or failure to act that is prescribed by the regulations," because you people then, and let's use the minister's words, in a couple of weeks' time, could prepare a whole slew of regulations, and instead of dealing with eight things, we could be dealing with 24 things.

**Ms Fisher:** But the insurance companies will be aware of the regulations.

**Mr Tilson:** That's quite true, but I guess the problem—

**Mr Elston:** They may not like any of them, but they will be aware of them.

**Mr Tilson:** You've got it. I guess that gets back to the whole issue of what we're trying to explain to the committee, that this is a very broad section. The minister and Mr Owens and other members of the government have said: "We're trying to be more precise in our legislation. We're trying to be more precise in benefits. We didn't like going to the courts the way the tort system did and the way Bill 68 did because it was too expensive and too complicated." This guarantees a trip to the courts. This guarantees a trip to the Court of Appeal, for sure.



You mean to tell me an insurance company is going to be told that they're withdrawing from the automobile insurance business and they say they're not—do you think that they're just going to take that lying down, when they believe they're not?

**Mr Klopp:** As a point of clarification, in listening to the conversation, I just want to make it very clear that, in my mind, when we're talking about a certain specific area, that is the only area we're talking about in the province; ie, if I'm getting out of the business in, I don't know, Huron county, for whatever reason, this here tells me that I have to send in a written notice and that's where I'm out of line. But that does not mean that I'm told that I cannot sell insurance in the rest of the province.

I just wanted to make that clear, because I got the impression that we're telling me, the insurance company, that I cannot sell in the rest of Ontario, and I just wanted to get that clarified, that that is not the intent of this. Am I correct on that, to help me in this discussion?

**Interjection:** Yes.

**Mr Tilson:** Mr Chairman, when you look at the first few lines of subsection (1), it says, "For the purpose of this section, an insurer is withdrawing from the business," so now the bill is going to tell us what "withdrawing from the business" means, and that's the problem. Then it goes on to tell us what "withdrawing from the business" means, and that's the grave concern that's going to guarantee the very thing that we're trying to avoid, and that is litigation: litigation before the Ontario Insurance Commission, litigation before courts. I mean, my goodness, "serious and permanent" is already off to the Court of Appeal. It might even go further. I don't know whether it will or not, but it's certainly being debated among the judicial system now in the Court of Appeal.

When you know that—I mean, you'll guarantee that, if you put yourself in the position of an insurance company which disagrees that it's doing anything "that results or is likely to result in a significant reduction in the amount of gross premiums written by the insurer," and so on, and then you list off at least eight examples and possibly a whole slew more according to subsection 8. That is the concern that I'm putting forward, that this subsection is too general. It's too broad. It can't be defined.

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I'll ask you now—I've asked at least once—what does "significant reduction" mean? The answer that's been given? "If you read these eight sections, it could be any one of these eight 'things,'" to use the word in the bill, although clause 8 says that there could be a whole slew of other things, and we don't know what those are.

There's a great deal of uncertainty. I use State Farm because it happened to be one of the reports that I got that was concerned with the—I'm sorry?

**Mr Owens:** That you happen to agree with.

**Mr Tilson:** No, I'm not. That's not necessarily true. I haven't said I necessarily agree with State Farm's proposed amendment. I may, believe it or not, agree with you that it may be too narrow.

**Mr Klopp:** Am I to understand here though—I'll pick on my own riding so nobody can get mad—in Huron county, my company, I want to get out of there; there's not enough action for me; Hay swamp is too close; what can I say? I give a written notice that I want to leave. There's no problem; we're not forcing anybody to stay. It might be 180 days. I can put a written notice in. I don't give any reasons, although I may be asked, and I probably would want to give reasons that I'm getting out. I have written notice; there's no problem.

What this clause is saying, though, is that Paul Klopp's company doesn't give written notice. They just go and arbitrarily start cancelling insurance premiums and all of a sudden a bunch of people start complaining. This allows the commission—I might be using the wrong term—to come to me, though, under the act and say: "Listen, you have to give us written reasons. It's still 180 days, though. We can't stop you from getting out of Huron county. But it's a 180 days. We just want to slow it up and make sure again."

**Mr Elston:** Oh, yes, they can stop you.

**Mr Tilson:** They sure can.

**Mr Klopp:** I'd like clarification on that.

**Mr Elston:** They can take another 90 days.

**Mr Klopp:** Another 90 days, but they can't stop me from getting out. That gives some protection to the insureds, people whom I'm putting out on the road without insurance, and still not stopping me from getting out. It's another 90 days, but knowing how long it takes to get into court sometimes, probably 90 days is quicker than having it go through the courts. They're still allowing me to get out of Huron county, not stopping me selling insurance in Bruce or Grey or anywhere else.

**Mr Elston:** No, that's not clearly the case. The commissioner might make an order that forces you to write contracts of insurance. They can force you to stay in the market for sure up to 90 days after the 180-day notice runs out, and then they could have a hearing which requires you to continue to write insurance if, in their opinion, for some reason, your decision is subjective or arbitrary or bears no relationship to your stability.

**Mr Klopp:** What was in the old act? Did the old act maybe force somebody at the end of the day to still sell insurance?

**Mr Elston:** Yes, section 238 has the test of subjectivity and arbitrariness, but those are only with respect to declining to write insurance and refusing individual contracts, more specifically, than it is a complete withdrawal.

**Mr Klopp:** Yet if you force people to still stay in the market, they won't take maybe as many, but they'll still stay around.

**Mr Elston:** That's why I use 238. Section 238 requires me now, if I'm an insurer, to advise why I'm not writing your contract of insurance or it will, under the circumstances here, where declining to issue a contract of insurance in Huron county, to use your example, is a violation of my duty to write insurance, because that's really what this thing says. If you're an insurance company in the auto business, you have an obligation to insure and that has been built in under sections 237, 238 and some others already. This test, though, says you can't get out of it except on a 180-day notice.

All I'm saying is, why do you even want to trip the definition? Mr Tilson is saying something different, saying something further on it, but I'm saying, why do you want to come close to the definition? Why don't you just exclude any notices already given under section 238 and why don't you also exclude a test which has already been met as being in the regular course of business? Because I might terminate, as an insurer, the only broker in town A because I found that my loss-cost ratios, as a result of the business that's been written there, has just put me at risk. If I terminate my one broker, then in any part of Ontario as a test means that in that particular village or town or area, county, I have significantly reduced my volume of premiums. In fact, I've probably eliminated it, because my loss-costs are such that it is dragging me down. I'm just saying, if you're doing all this stuff in the regular course of business or if you're doing it under another section of the act, why don't we just lay it out?

**Mr Owens:** But there's still another notification in those circumstances.

**Mr Elston:** No, there isn't. Well, there is under 238, but there shouldn't have to be a second notification. That's all I'm saying, because you've already protected the consumer because he/she can have a hearing under section 238 of the act. It implies a double obligation, because if I don't give you notice under 238, I'm in breach—

**Mr Owens:** It's a broadening of the protection.

**Mr Elston:** —and then if I don't give you a notice under 65.1, I can also be in breach. I should only have to comply with one section, it seems to me, and not be suffering what is called double jeopardy. I comply with one and give you notice and then you can say, "Well, you didn't give me notice under the other."

#### SUBCOMMITTEE REPORT

**The Vice-Chair:** At this point I should say that the subcommittee has instructed us to review the subcommittee report at 5:45. We are two minutes beyond that at this point. I don't think it will take a lot of time; we could do it very quickly and then rejoin this discussion.

"The standing committee on finance and economic affairs.

"Report of the subcommittee.

"Your subcommittee met on Thursday 20 May 1993 and recommends the following:

"1. That the committee approve the 1993-94 committee budget.

"2. That the committee as in previous years invite the Minister of Finance to appear before the committee to discuss the provincial budget."

Is there any discussion with respect to this?

**Mr Winner:** I was going to move that the budget in the amount of \$145,548 be approved and that the Chair be authorized to present the budget to the Board of Internal Economy.

**Mr Elston:** Can I reserve the right to review this at the Board of Internal Economy?

**The Vice-Chair:** If there are no questions or comments, then I will call the question. All in favour of adoption? The motion's carried.

It's also required that I call the question, that the committee as in previous years invite the Minister of Finance to appear before the committee to discuss the provincial budget. All in favour?

**Mr Tilson:** Just on that point, what is the intention of the subcommittee as to when that would take place?

**Mr Elston:** Actually, the suggestion was the first date that might be possible would be June 3, and I think the clerk was going to take a look and see if that's possible, or June 17, which is the next possible date.

**The Vice-Chair:** Either in the morning or in the afternoon, whichever can be arranged with the minister.

**Mr Elston:** We're looking for a two-hour appearance from him.

**The Vice-Chair:** It's a two-hour block of time.

**Mr Tilson:** Thank you.

**The Vice-Chair:** All in favour? Carried.

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#### INSURANCE STATUTE LAW AMENDMENT ACT, 1992

#### LOI DE 1992 MODIFIANT LES LOIS CONCERNANT LES ASSURANCES

**The Vice-Chair:** Resuming discussion on section 11 of Bill 164. Further comments?

**Mr Tilson:** At the risk of smart remarks from the parliamentary assistant, there have been two issues raised, one by Mr Elston and one by myself, and they are quite—



**Mr Elston:** You can probably buy insurance against that.

**Mr Tilson:** There have been two issues that have been raised in this discussion, Mr Chairman.

*Interjection.*

**The Vice-Chair:** Is this a point of order, Mr Klopp?

**Mr Klopp:** No, no. Are we back on to the subcommittee now?

**The Vice-Chair:** We've finished the subcommittee work.

**Mr Klopp:** And we're on to?

**Mr Tilson:** Nice of you to drop in.

**The Vice-Chair:** We're back on Bill 164.

**Mr Tilson:** Any other questions before I continue?

*Interjection.*

**The Vice-Chair:** Mr Tilson, will you continue.

**Mr Tilson:** Mr Chairman, there have been two issues that have been raised, one by Mr Elston and one by myself. I hope the parliamentary assistant understands those issues. If he doesn't, Mr Elston and I would be pleased to spend some more time on it, but if he does understand those issues—he's the one who's put this amendment forward. To use Mr Elston's words, one is the issue of double jeopardy, that there are provisions in the legislation now that provide for this sort of thing. The second issue that has been raised, if you ignore that and continue on with this section, is the issue of uncertainty and guaranteed litigation. Perhaps the parliamentary assistant can comment on both of those issues.

**Mr Owens:** It's certainly not from a lack of understanding of the points that you and Mr Elston have made, nor is it a lack of understanding that any piece of legislation that any government puts forward may at some point in its history be subject to litigation. I think the point we are at now is that we disagree with respect to the application and the functionality of the clause. It's my sense, although I could be wrong about this—

**Mr Tilson:** No.

**Mr Owens:** —that I don't suspect that either Mr Tilson or Mr Elston is prepared to give ground on this particular point.

It's certainly our view that this is a clause that is necessary. I don't think we're debating the necessity of the language, but in terms of its application it's merely a notification process to prevent dislocation in the insurance industry. The examples that keep arising from Mr Tilson and Mr Elston demonstrate the necessity for this clause to be here. Mr Tilson talked about if ABC Insurance Co decided to withdraw from the market in northern Ontario: That has the potential to significantly impact on the marketplace in that area, so I think it's reasonable that a notification requirement be in place.

Again, I have to say that this section is not without major consultation within the industry. The fact that

State Farm has an opinion that is at variance with other stakeholders in the business is one that's interesting, but in terms of how this clause has been shopped around and consulted on, there has been no small level of input from the insurance industry. It is with some level of compromise that we have come to meet our concerns and the concerns of the industry approximately halfway.

I think, as I say, we're at the point of disagreement on this clause, and we stand behind the policy direction that this clause sets out. Perhaps, unless there is some need to have Mr Tilson or Mr Elston back down—I shouldn't characterize it as backing down—to come to an agreement with the government on this clause, I'm not sure what areas we have left to explore.

**Mr Klopp:** I found it very interesting. I think we've had good discussion on this part, section 65.1, because it is important to all industries. It's important to the people I have talked to.

Specifically on section 238 and Mr Elston's remarks, not from a lawyer's point of view but an average citizen—not taking away from lawyers: I think we had good discussion; I'm glad we have some lawyers here today. But I look at section 238, as it's been explained to me, in my humble opinion, to be more that the individual has the opportunity to have his day against the insurance company that says he can't have insurance, for some crazy reason like he didn't pay it, whereas section 65 is more global, like where a company says, "We're just going to cancel the whole thing in Huron county." I picked Huron county because that's my riding.

So I think it addresses two things: Section 238 addresses the individual having his day to argue, and section 65 is more for the global situation where a company doesn't give notice and allows some uncertainty out there.

That's where I'm coming from on that, if it helps at all. Therefore, I think I can support this section after this lengthy and good debate.

**Mr Elston:** Bearing in mind what was said by the parliamentary assistant, I will go away and draft the amendments for each of the items I spoke about, the paragraphs under 65.1(1), and be prepared to present them the next sitting day for each of those paragraphs.

If you want to have a vote on the preliminary paragraph under 65.1, I have some comments in relation to 65.1(2) and following. I don't want to deal with the entire sections, but if you want to start voting now on the first part of subsection (1), that's fine. I just want to give you notice that I'm going to go through that clause by clause to vote.

**Mr Owens:** In the interest of wanting to keep the section whole, what I would propose to you is that we stand the section down and you come back with your work, so that we are looking at an issue in totality.

**The Vice-Chair:** Just as a clarification, the clerk was whispering in my ear, while you were saying that, that it was the only option we had to standing it down. If we hadn't stood it down, we could not deal with it in the way you had suggested because the standing orders wouldn't allow it, the rules wouldn't allow it. Just for a point of clarification.

**Mr Owens:** As we are at one minute to 6 of the clock, I want to notify the committee that as we will not be meeting for approximately two weeks, I have tabled amendments with the clerk and they are in the process of being copied and will be made—

**Mr Elston:** You mean just now?

**The Vice-Chair:** These have been tabled and the clerk has undertaken to restructure them and distribute them to the members' offices tomorrow.

**Mr Elston:** I'm not going to be here, but that's fine.

**Mr Owens:** Well, I certainly hope that, like all hardworking staffers, Robin will be here to receive those amendments.

**Mr Elston:** She's my House leading assistant; I'm doing this material.

I mean, this was supposed to come to us early in the day. I thought you were going to make a statement this afternoon to tell us what they were going to be about. I'm a little bit surprised that you just kind of dropped them on the table. I understand what's going on. Brian told me he was—

**The Vice-Chair:** In fact, if you want them now, they are here.

**Mr Elston:** No. Basically, the minister told me that we would receive a bit of a statement by Mr Owens to tell us what was happening. I understood earlier that when Mr Owens hadn't received it, he could hardly make it, and I sort of understood that we would get something near the end of the afternoon. I sort of thought that since we weren't hearing anything from Mr Owens, we weren't going to be hearing anything at all.

Now, to have this stuff dropped on us at the last moment, when we're heading off for a week or so—I'm not going to be back, really, until the following Monday to do some consultations and calling on this stuff. I just

find that that's a little bit of a difficulty for me. I don't have a lot of people working with me on this and I'm going to have to do the work, I'm going to have to hold the meetings. That's all. It's just a little frustrating.

**Mr Owens:** There's no intent to want to cause you frustration.

**Mr Elston:** No, maybe not. I'm not blaming you. It's just that it's going to cause us problems. That's all.

**Mr Owens:** If I can respond to your comments, in fact there is a continuing consultation ongoing with the industry and the package may not be complete. We wanted to get the amendments out on to the table during this period so that you would have the extra time to review the amendments.

**Mr Tilson:** Mr Chairman, that's a genuine concern, the fact that no one's going to be here next week. They're going to be off doing other things, and to drop them off, deliver them to our staff tomorrow, is really asking a great deal.

**The Vice-Chair:** The clerk has them here. She can give them to you right now.

**Mr Elston:** I'm not going to be doing much telephoning tonight either, in fairness, but if they're available, sure.

**The Vice-Chair:** Should the clerk distribute them now?

**Mr Klopp:** Sure.

**Mr Tilson:** I have no problem receiving them now. The difficulty I have is that if all of a sudden in two weeks' time we're going to start debating them—it sounds like we've got two weeks to prepare for this thing, but we really don't, because next week we're all going to be doing other things. It is rather unfair. Again, I'm not being critical personally of Mr Owens—I realize that he's receiving instructions from someone—but it is giving members of the committee a great deal of difficulty.

**The Vice-Chair:** I thank you for your comments. I believe this committee should be adjourned until Thursday, June 3, at 10 o'clock.

The committee adjourned at 1802.









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Thursday 20 May 1993

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### STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

**Chair / Président:** Johnson, Paul R. (Prince Edward-Lennox-South Hastings/  
Prince Edward-Lennox-Hastings-Sud ND)

**\*Vice-Chair / Vice-Président:** Wiseman, Jim (Durham West/-Ouest ND)

Caplan, Elinor (Oriole L)

Carr, Gary (Oakville South/-Sud PC)

Cousens, W. Donald (Markham PC)

Lessard, Wayne (Windsor-Walkerville ND)

Jamison, Norm (Norfolk ND)

**\*Kwinter, Monte** (Wilson Heights L)

**\*Mathyssen, Irene** (Middlesex ND)

**\*North, Peter** (Elgin ND)

Phillips, Gerry (Scarborough-Agincourt L)

**\*Sutherland, Kimble** (Oxford ND)

**\*In attendance / présents**

#### **Substitutions present / Membres remplaçants présents:**

Elston, Murray J. (Bruce L) for Mrs Caplan

Klopp, Paul (Huron ND) for Mr Jamison

Haeck, Christel (St Catharines-Brock ND) for Mr Sutherland

Harnick, Charles (Willowdale PC) for Mr Carr

Owens, Stephen (Scarborough Centre ND) for Mr Paul R. Johnson

Tilson, David (Dufferin-Peel PC) for Mr Cousens

Winninger, David (London South/-Sud ND) for Mr Lessard

#### **Also taking part / Autres participants et participantes:**

Bass, Julia, executive coordinator, Automobile Insurance Review

Callahan, Robert V. (Brampton South/-Sud L)

Fisher, Julia, legal counsel, Automobile Insurance Review

Halpert, Art, senior policy analyst, Ontario Insurance Commission, Ministry of Finance

Owens, Stephen, parliamentary assistant to Minister of Finance

**Clerk / Greffière:** Grannum, Tonia

**Staff / Personnel:** Beecroft, Doug, legislative counsel

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## Legislative Assembly of Ontario

Third Session, 35th Parliament

## Assemblée législative de l'Ontario

Troisième session, 35<sup>e</sup> législature

# Official Report of Debates (Hansard)

Thursday 3 June 1993

# Journal des débats (Hansard)

Jeudi 3 juin 1993

**Standing committee on  
finance and economic affairs**

**Comité permanent des finances  
et des affaires économiques**

Insurance Statute Law  
Amendment Act, 1993

Loi de 1993 modifiant les Lois  
concernant les assurances

Chair: Paul R. Johnson  
Clerk: Tonia Grannum

Président : Paul R. Johnson  
Greffière : Tonia Grannum





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## STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Thursday 3 June 1993

The committee met at 1016 in committee room 1.

INSURANCE STATUTE LAW  
AMENDMENT ACT, 1993

LOI DE 1993 MODIFIANT LES LOIS  
CONCERNANT LES ASSURANCES

Consideration of Bill 164, An Act to amend the Insurance Act and certain other Acts in respect of Automobile Insurance and other Insurance Matters / Loi modifiant la Loi sur les assurances et certaines autres lois en ce qui concerne l'assurance-automobile et d'autres questions d'assurance.

**The Chair (Mr Paul Johnson):** I'm calling the standing committee on finance and economic affairs to order. Today we resume clause-by-clause consideration of Bill 164, An Act to amend the Insurance Act and certain other Acts in respect of Automobile Insurance and other Insurance Matters. The clerk would like to inform the committee members that there are packages in front of your respective seats that are numbered and replace the numbered motions that are already in your existing packages. We are today on section 12. Mr Owens would like to make some comments.

**Mr Stephen Owens (Scarborough Centre):** I'd like to begin by requesting that we stand down subsections 12(1) and (2), if I can have unanimous consent to do that.

**The Chair:** Do we have unanimous consent to stand down subsections 12(1) and (2)?

**Mr David Winninger (London South):** We're okay.

**Mr Charles Harnick (Willowdale):** Is that this paper marked 5B?

**The Chair:** Yes.

**Clerk of the Committee (Ms Tonia Grannum):** No, that's an addition.

**Mr Harnick:** Because that's also subsection 12(3).

**Mr Owens:** That's right. We're coming to that next.

**The Chair:** I guess I offered some misinformation. There are some papers that are marked differently in that there are some replacement government motions. The ones that are to be replaced would correspond to the numbers of those that you have existing and the new ones would be in addition to those that you have.

**Mr David Tilson (Dufferin-Peel):** Page 5A is to replace 5, is that what you're telling us; 5B is—

**The Chair:** No, 5B would be in addition to 5.

**Mr Tilson:** Oh, I see.

**The Chair:** It would appear then that everyone has

agreed to stand down subsections 12(1) and (2).

**Mr Tilson:** Is there a reason for that, Mr Chairman? There's always a reason for everything, but maybe you can enlighten us.

**The Chair:** Mr Owens can explain this.

**Mr Owens:** These amendments are consequential to section 11, which we have also stood down.

All right, 12(3).

I move that subsection 12(3) of the bill be struck out and the following substituted:

"(3) Subsection 12(1) of the act is further amended by adding the following paragraph:

"10.1 prescribing coverages and endorsements in respect of contracts of automobile insurance that insurers or a class of insurers are required to offer, deeming the benefits provided by the coverages and endorsements not to be statutory accident benefits for the purposes of part VI, and prescribing the circumstances in which the coverages and endorsements shall be offered."

**Mr Harnick:** Where are you reading from?

**The Chair:** You have a new piece of paper, Mr Harnick, that's labelled "5B, government motion."

**Mr Harnick:** All right, I'm looking for that.

**Mr Tilson:** And 5B is what you're reading?

**The Chair:** That's what Mr Owens is reading.

**Mr Harnick:** All right, I have 5B.

**Mr Owens:** Would you like me to read it again now that you can see it?

**Mr Harnick:** Why don't you just explain it in layman's language.

**Mr Owens:** This is an amendment that was requested by the opposition in respect to the view that insurance companies should be able to provide extra income endorsements etc. This will make it clear that there is not a statutory prohibition to the provision of those coverages, but they will not form part of the accident benefits regulation.

**The Chair:** Any comments or concerns with this section?

**Mr Gerry Phillips (Scarborough-Agincourt):** It's designed to provide assurance to the industry and to consumers that what?

**Ms Julia Fisher:** It's designed to tell the industry and the consumer that there can be, and in fact the government can mandate, insurance coverages that are not statutory accident benefits.



**Mr Owens:** This has come out of the discussion that we've had back and forth. Especially Mr Harnick has raised the concern with respect to extra income protections. It was his concern that insurance companies are in fact prohibited by that. We don't subscribe to that view, and in terms of adding clarity to the legislation, this is the purpose of the clause, as well as to allow the government to mandate these coverages outside of the accident benefits regulation.

**Mr Harnick:** I don't know how this works. It says that this section will prescribe coverages. If you go back to section 121, it says the Lieutenant Governor in Council may make regulations "prescribing coverages and endorsements in respect of contracts of automobile insurance that insurers or a class of insurers are required to offer, deeming the benefits provided by the coverages and endorsements not to be statutory accident benefits for the purpose of part VI, and prescribing the circumstances in which the coverages and endorsements shall be offered."

As I understand it—I really am seeking clarification from the parliamentary assistant and his legal staff—this says that the Lieutenant Governor may prescribe coverages and endorsements in respect of contracts of automobile insurance that insurers are required to offer. That is supposed to answer the shortfall in the legislation in so far as economic loss is concerned, as I understand it. Where are the regulations that tell us what endorsement must be offered? My understanding is that there will be a mandatory endorsement, an endorsement that must be provided by insurers, that will be optional for insureds to purchase. This lays the groundwork for that. Am I correct?

**Mr Owens:** I'll ask Ms Fisher to—

**Ms Fisher:** Yes, you are correct. This does lay the groundwork for that.

**Mr Harnick:** Where is the really relevant part that says what must be offered and what in fact is optional to be purchased?

**Ms Fisher:** The regulations aren't drafted yet.

**Mr Harnick:** You see, here's my problem. My problem is that I know the minister recognizes that there's a great big hole in this legislation and he's acknowledged to me that he wishes to fill the hole by having an economic loss endorsement. I do not see, from the reading of this section, where anybody is saying that economic loss endorsement is forthcoming. Perhaps you can enlighten me. Maybe it's somewhere else in here. When are we going to see it? How can I vote on this if I don't know what the rest of the package is going to say? Do you understand, Mr Owens, my dilemma?

**Mr Owens:** I understand clearly what your question is. I am not sure I agree with the other premise. I understand that you have had conversations with the

minister on this particular issue. However, it's not my understanding at this point that a commitment has been made with respect to this particular endorsement that we're speaking about. I'd be pleased to follow that up in terms of whether or not the minister in fact has committed to you that an endorsement is forthcoming.

**Mr Harnick:** Well, he's certainly given me every—

**Mr Owens:** In terms of the wording of the language, however, if in fact this is the reality as you have described it, then there certainly needs to be an enabling clause to allow that particular event to take place. So whether or not you see it is not particularly germane to the language under discussion at this point.

**Mr Harnick:** Just to carry this on, the minister has given me every indication that there will be an economic loss endorsement. I understand that he's made that quite clear to a number of interest groups that have some concern about this aspect of the bill. I would ask that we hold this down so that the parliamentary assistant might be able to provide us with some idea of what is going to go with this or whether there's a commitment so that we know essentially what this is truly intended for. I know it's enabling legislation, but if it's not going to enable anything, it's pretty hard to talk about it in the abstract.

I can appreciate that once we know something is forthcoming, we know we should vote on it and probably pass it. All I'm asking is that the parliamentary assistant seek some clarification so he can put it on the record, tell us what's coming so that we don't have to deal with this in the abstract. I'd suggest that we put this over for now.

**The Chair:** Mr Owens, Mr Harnick has asked—

**Mr Owens:** I can respond to Mr Harnick. We certainly don't have a problem in doing that at this point. In fact, it might help speed this process along, so we will do that. I cannot, of course, commit that I'll be able to speak with the minister before the end of the day's proceeding, but I'll certainly endeavour to do that.

**Mr Harnick:** I appreciate that.

1030

**The Chair:** Government motion 5B is then stood down.

*Interjection.*

**The Chair:** Oh, government motion 12(3), I should say, or subsection 12(3) of the bill is stood down.

We are now at subsection 12(4) of the bill.

**Mr Owens:** I would like to request that, as this is related to the previous section, we stand this section down as well.

**The Chair:** If there are no objections, then we'll stand down subsection 12(4) of the bill.

**Mr Owens:** As well as subsection 12(4.1).

*Interjection.*

**Mr Owens:** Oh, I'm sorry.

**The Chair:** We are, then, now at subsection 12(4.1) of the bill.

**Mr Owens:** I move that section 12 of the bill be amended by adding the following subsection:

"(4.1) Subsection 12(1) is further amended by adding the following paragraph:

"10.3 governing the procedure for determining who is liable to pay statutory accident benefits under section 268, including requiring insurers to resolve disputes about liability through an arbitration process established by the regulations and requiring the interim payment of benefits pending the determination of liability."

**The Chair:** Any comments or concerns?

**Mr Owens:** This clause will authorize the regulations, and they can be used to determine which insurer is liable to pay accident benefits in the event of a dispute.

I'll turn the floor over to Mr Halpert from the Ontario Insurance Commission.

**Mr Art Halpert:** The basic purpose here is to ensure that injured persons get paid promptly. At times two insurers will be arguing over who should pay, and neither of them wants to pay, so this will allow us to create regulations that will indicate that an insurer shall pay and will dispute it later.

**The Chair:** Any comments or concerns of the members?

**Mr Harnick:** I think this is actually quite an important section, because anybody who's been involved in these situations knows—and I'll give you an example. Sometimes you get a car that might rear-end another car, that knocks it up on to the sidewalk and it knocks over a pedestrian, and that pedestrian doesn't own a vehicle of his own. So the issue then becomes, does the car that strikes the pedestrian pay the accident benefits, or are the accident benefits liable to be paid by the car that caused the accident, which is the one that rear-ended the car that hit the pedestrian? There's just been a whole history of difficulties in this area where you can't get the accident benefits paid by either, so that the insured goes with nothing.

Again, my problem with all of this is that we have not had an opportunity to see the regulations and to comment on the regulations to see that they meet the situations that might arise. I tell you that people who have practised in this area can have a very positive effect on doing this right. If you'd only show us the regulations so that we could get their input, we wouldn't end up with these neat little legal problems that lawyers and insurance companies can wrestle over for a year, a year and a half while they go through arbitration procedures or whatever. It would be a very positive thing if we can tie as many of these situations down as possible so that the insured who is hurt is not

going to be left waiting until every eventuality is ultimately worked out.

But part of the difficulty that I have in dealing with section 12 of the bill, which is section 121 of the Insurance Act, is that we are not getting to look at the regulations that are going to come through in conjunction with this section. I don't know how close the government is to preparing those regulations, but there's obviously an enormous amount that's still to be done here.

It concerns me because I don't know what timing the government has for the passing of this bill and it would be helpful if the parliamentary assistant could give us some idea of whether we're going to be going through this clause-by-clause for the balance of the summer, whether we're going to be waiting for the Court of Appeal to talk about the threshold case now before it or whether we're going to be getting a time allocation motion that's going to send this upstairs to the big room on the second floor.

The difficulty I have is that, as I read through this bill and I see section after section referring to regulations that are still to be drafted and we have no idea what stage those drafting procedures are in, it tells me that there is an enormous amount of work still to be done in this area. I think, to be perfectly fair, there are insurers who are going to have to implement systems to deal with the new accident benefits scheme, and it's going to be very, very difficult for them unless the government is able to give us some idea of the time frame, where they're at and what these regulations in fact look like.

When I read these sections, I can't help but think we're just rushing to a conclusion with most of the work still to be done and I wonder if we could get some clarification about some of this. I wonder if we can see some of these regulations. I appreciate that we're not allowed to debate the regulations, but I'll say what I said a long time ago: You're amending a few sections of the Insurance Act, but the heart and guts of this in terms of how it's going to affect the public are found in the regulations.

I would like to see, at least as a courtesy to the members of this committee, and particularly the government members because they're going to take the heat when this doesn't work—surely they should have the opportunity, as we should, to take a look at the regulations as drafted to date and see what they currently look like.

I remember getting a pile of regulations early on, none of which lawyer Endicott or any of his minions could really explain to us because they couldn't understand them either. Now I look at this bill and I see there's even more regulations coming and, you know, I don't know where we're going here and I don't think, with respect, the government members on this commit-



tee know where we're going.

We haven't seen lawyer Endicott here to try and explain this to us, because I'm sure he's been studying it ever since he left here with his tail between his legs when he couldn't answer the questions we asked several months ago. I know he's gone back to the drawing board and starting studying so he can give us the explanations, and now I see there's even more regulations coming. Please tell us what's going on here.

**The Chair:** Mr Owens for a response.

**Mr Owens:** It's over the last couple of days I've been concerned that the tactic of the third party is to bash civil servants—

**Mr Harnick:** Not so, not so.

**Mr Owens:** —and the work they do in this place.

**Mr Harnick:** Mr Chairman, on a point of privilege: I would ask the parliamentary assistant to withdraw that remark, because there is absolutely no truth to it at all. I think the hard part of this whole exercise, and the oblique reference to the social contract, is that the poor civil servants in this province have to put up with a government that's totally incompetent in everything it does.

**The Chair:** I've heard your point of privilege, Mr Harnick. Thank you.

**Mr Harnick:** I totally object to—

**The Chair:** Mr Owens, would you like to continue, please.

**Mr Harnick:** I totally object to—

**The Chair:** Mr Owens, continue, please.

**Mr Harnick:** I'm not finished.

**The Chair:** You didn't have a point of privilege, Mr Harnick. I listened to what you had to say. I did not hear a point of privilege in that.

**Mr Harnick:** No, no. Alleging that I am bashing civil servants—

**The Chair:** Mr Owens, would you continue, please.

**Mr Harnick:** —which is totally untrue. I've been reacting to the stupidity of your government.

**The Chair:** Mr Owens, would—

**Mr Owens:** Would Mr Harnick—

*Interjection.*

**The Chair:** Order, Mr Harnick.

**Mr Owens:** Mr Harnick raised a—

*Interjection.*

**The Chair:** Order, Mr Harnick.

**Mr Winninger:** Your mike's off.

**Mr Harnick:** I don't care whether my mike's off. How dare that buffoon who is the parliamentary assistant say that—

**The Chair:** Mr Harnick, would you come to order, please? Would you like us to take a recess, Mr Harnick?

**Mr Harnick:** I would.

*Interjection.*

**Mr Harnick:** So do it.

**The Chair:** Okay. Let's have a five-minute recess. Maybe Mr Harnick can collect his thoughts and his manners.

The committee recessed at 1041 and resumed at 1046.

**The Chair:** I call the committee to order. Mr Owens, if you would like to complete your comments.

**Mr Owens:** Thank you, Chair. In terms of the questions that Mr Harnick posed, I find it a little bit more than surprising that in light of the fact that he has been meeting with the minister on a regular basis and conducting conversations around the regulations and this legislation, he would still be raising questions with respect to the intent of the regulations. As I indicated when I moved the amendment, this is an amendment that comes directly out of those conversations.

In terms of the time lines, I've received no instructions. We will continue until the day becomes long, if that's the wish of the committee, and hopefully we can move through this section and move on further.

The regulations, as the member is aware, have been out, drafts 1 and 2, within the community. He talks about the practitioners from the law society. They have clearly been involved through their various representations, through the advocate societies. They've had a large amount of time and a large amount of input into the regulations. We are continuing to consult on the regulations and we'll certainly continue to consult with Mr Harnick, both in his role as a member of this Legislature and also in his role as a member of the personal injury bar.

So I hope that is satisfactory to the member and that we can move forward.

**The Chair:** Mr Kwinter, you wanted to make a comment.

**Mr Monte Kwinter (Wilson Heights):** I wonder if I could get some clarification either from the parliamentary assistant or the representative of the insurance commission. Under this proposed amendment, and from what I gather reading it, I assume that the intent of it is to deal with the procedure for determining who is liable to pay the statutory accident benefits under section 268.

Using Mr Harnick's example, if automobile A, which is insured by insurance company A, and automobile B, which is insured by insurance company B, are involved in an accident and there certainly is no preconceived determination as to who is really liable, how does this work? How does this particular provision work where it says, "through an arbitration process established by the regulations and requiring the interim payment of benefits pending the termination of liability"?

I can understand where there's one automobile and

one insurance company and one victim, and you have to determine whether one is liable or not and to what extent, but there is a case where the question in point may be who is liable and there are two insurance companies, two vehicles, and someone has to make an interim payment pending the outcome of that arbitration. Who decides who is making that interim payment?

**Mr Owens:** I'll ask Mr Halpert to respond to that.

**Mr Halpert:** I think the regulation itself will specify who has to pay immediately so that the injured party gets payment immediately. If the parties can't agree as to which party is liable, then it will have to go on to an arbitration process.

**Mr Kwinter:** So what you're suggesting is that there may be an arbitration before the arbitration, before you can pay the interim payment.

**Mr Halpert:** Excuse me, I didn't follow that.

**Mr Kwinter:** Well, under the provision of this amendment, it says that there will be regulations requiring the interim payment of benefits pending the determination of liability. If you're going to have one arbitration which is going to determine the liability, then there won't be an interim payment. If you can't determine who it is who's going to make the interim payment and you say you're going to have to have arbitration to decide who's going to make the interim payment, then you're going to have to have an arbitration for the interim payment so that you can then proceed with the arbitration for the final.

**Mr Halpert:** I certainly don't think that's the intent and I don't think the regulation would be written that way.

**Mr Kwinter:** I'm not talking about intent; I'm talking about the practicality. I'm just saying, "How does this work?" I just want to know. I'm not criticizing; I just want to know how this works.

**Mr Halpert:** The likelihood—and the regulation hasn't been written yet—will specify who has to pay and when. That would be immediately. If the insurers can't agree on who is liable and to what extent they're liable, then they can apply for arbitration to settle that matter. In the meantime, the insured person is getting paid.

**Mr Kwinter:** If I can just backtrack, Mr Harnick's example is a good example. An automobile is parked on the side of the road without a driver in it. It's just parked there, minding its own business. Another driver comes along in another automobile and hits the parked automobile and that parked automobile jumps the curb and hits a pedestrian. Now, somewhere along the line someone is going to have to determine who is liable. I can't imagine the insurance company of the parked vehicle acknowledging that it's liable, saying: "How can I be liable? My customer's car was parked. He wasn't even in it. It was parked legally and a car hit it and, just

by happenstance, it happened to hit a pedestrian."

I'm saying that somewhere along the line there's going to have to be an interim payment pending the liability, but in that particular case—and I admit it's a unique and relatively rare case—somewhere along the line someone is going to have to make the determination of who is going to pay. If you try to get the insurance company which is insuring the car that was parked, it would say, "Why would I possibly have to pay?" I'm saying, "How is that done?" When you say there are going to be regulations, that of course goes to the base of the problem that we have. When we don't have regulations, we're asked to formulate laws and statutes based on regulations that we don't know about.

All I'm asking, in a practical sense—this isn't a trick question. I'm not being critical. I'm just saying, when I heard this potential scenario and when I read this amendment and it says that there's going to be an interim payment pending the determination of liability, what happens if there can't even be a determination as to who's making that interim payment? Then what happens? That's all I'm asking. As I say, I don't have an answer and I'm not looking for—I just want to know how the thing works.

**Mr Halpert:** I think the regulation will determine who pays. That's one issue. Then, if that insurer pays and later on it's determined that it shouldn't have paid, that the other party was liable, there would be a refund. One would be instructed to pay back the first insurance company.

**Mr Owens:** But the intent is that the victim is paid and is not subject—

**Mr Halpert:** And promptly.

**Mr Owens:** —to the time lag between the incident and decisions and arbitration hearings.

**Mr Halpert:** See, in your example it's fairly clear-cut. You have, essentially, an innocent car and a guilty car. In many instances you have—

**Mr Tilson:** Maybe you do and maybe you don't.

**Mr Halpert:** Okay. No, I'm saying there are all kinds of situations where it's not that black and white; there are all kinds of shades of grey. You'll have insurance companies fighting from here until doomsday, maybe through the courts, to determine who pays, and meanwhile the innocent accident victim is sitting there not getting paid. The purpose of this is to say, "Okay, company A, you pay now; we'll settle this matter later," and if it turns out that it's company B which should have paid, then company A will get a refund from company B.

**The Chair:** Any further comments?

**Mr Tilson:** I must confess I'm not satisfied with the issues raised by Mr Kwinter and Mr Harnick, because they're quite right: This is a most important section. I understand the intent that the parliamentary assistant has



said. The intent is—not to put words in your mouth—to give the innocent victim funds and, to take the example of the pedestrian, to give him funds before all these other people fight it out. I understand that, but we now have a statement that's been made by Mr—

**Mr Halpert:** Halpert.

**Mr Tilson:** Halperton, that—

**The Chair:** Just Halpert.

**Mr Tilson:** —Mr Halpert that the regulations haven't even been written.

This issue, I submit, is most important. I, as one member of this committee—and I can't believe other members of the committee—would like to receive some input from the insurance companies on the process of arbitration. I mean, with all due respect, I don't think Mr Kwinter's question has been answered yet: Are we going to have arbitration to determine an arbitration? I think that's a very good question, the way this section is worded to govern the procedure through an arbitration process. Well, he's right. Does that mean that you're going to have an arbitration to determine an arbitration process? It may well be that the wording of this subsection isn't quite accurate, but it does leave me, on first glance at it, to ask the same question that Mr Kwinter did. It's a legitimate question.

But more importantly, I get back to an issue that I've been harping away at in this committee for some time, and that is the issue of regulations. It seems to be a philosophy not only in the province of Ontario but the federal government and all the other provincial governments that we put legislation through first and then we prepare the regulations. In many of the jurisdictions in the United States, this is done at the same time so that the interest groups, such as the insurance companies, the legal people, all other interested partners, to use the new word of this government, interest groups or partners or stakeholders, whatever you want to call them, can have some sort of input.

There is no question, to take the example that Messrs Harnick and Kwinter have raised, that those two insurance companies are going to have a battle, particularly if you're talking about someone who's seriously injured and the liability issue could go on for some time. I, for one, and this is just one of many issues, would like to hear what the input of the interested parties is—when I say interested parties, the insurance companies mainly, because they're going to be fighting this out. You're talking large amounts of money, and I honestly think that this section, of all sections, is most premature until we see the regulations.

I can understand the parliamentary assistant saying, "Well, we have draft regulations," but it would appear from the statement from Mr—

**Mr Halpert:** Halpert.

**Mr Tilson:** Halpert—I'll get it right yet; I'm

sorry—that they haven't even been written yet. So not only are we not in a position to vote on this section, because the wording of this subsection depends on the regulations, but we're not even in the position to consult with the insurance companies, the legal people and anyone else who's interested in these sections.

So I am suggesting to the parliamentary assistant that in order that we can answer some of the questions that have been raised by Messrs Harnick and Kwinter, who decides who pays—that's another excellent question—we aren't able to answer those questions.

The answer that's been given is that the regulations will answer those questions. That's the answer that has been given, and I find that—and I don't mean this as a criticism of you; I find this is a criticism of the government, quite frankly—totally unacceptable. We can't intelligently vote on this section until we see the relevant draft regulations that define what all of this business means, and I'm suggesting that this section be stood down until we find out, for example—I would like to hear, unless they can make a suggestion now as to what the suggested procedure is, what the suggested arbitration process is—to draft this subsection, whoever drafted it must have some vague idea as to what the procedure is and what the arbitration process is going to be.

In other words, how are we going to wade through the typical example that Mr Harnick has raised? How are we going to do that? They must have some vague idea. Otherwise, this subsection would never have been written.

I'm suggesting, Mr Chairman, through you to the parliamentary assistant, that until this information is made available, I believe we as a committee would be irresponsible in voting on this section until we at least have some framework as to what this subsection is suggesting.

**1100**

**Mr Owens:** The issues that Messrs Harnick, Kwinter and Tilson raised are certainly interesting and could potentially happen. The clause is intended to ensure that the victim is paid. That's the intent of this clause. It sets up the vehicle for that process to take place through the regulations. In terms of how the chargeback will take place to the liable insurance company, that is an issue that is under discussion now with the industry through the regulations process. So I have to disagree that passing this clause is premature, and we certainly will need to have this clause to set up the process to facilitate whatever chargeback is and however it is worked through in the regulations. But as I say, this is simply the enabling language to ensure that the innocent accident victim is in fact paid, notwithstanding the discussions or the arguments that will take place between the two or three or however many insurance companies happen to be involved in a particular incident

that takes place.

**Mr Tilson:** It sets up the principle that you're trying to solve. There's no question you could be critical that some of the existing systems we have under the OMPP or under the court system—things are slow, although there are section E benefits—

**Mr Harnick:** Schedule E.

**Mr Tilson:** —schedule E benefits that you get instant payments.

We all understand the principle, what you're trying to do. We understand that. I think everyone understands that, but you say it sets up the vehicle. It doesn't set up the vehicle. There's no doubt in my mind that two insurance companies, or in some cases three or four insurance companies, depending on the factual situation that you could have, it could just be awful, the arbitration process, the procedure that you suggested.

You say this is under discussion with the insurance companies. I, for one, as a member of this committee, and I'm sure other members of this committee, am continually discussing this subject, the subject of Bill 164, with interest groups. We're now into clause-by-clause discussion and I can tell you that I doubt very much the rest of us have stopped talking with the various interest groups on this topic. Certainly, I as the critic, and I'm sure Mr Elston as the Liberal critic, can't believe that the members of the government have stopped talking.

I can tell you I haven't had an opportunity to review the discussions that the insurance companies apparently are having with the government on this whole topic. I would like, as a member of this committee, to hear what some of the thoughts are. Perhaps you can relay to the committee what some of the thoughts are that have come forward from the insurance companies as to recommended procedure.

**Mr Owens:** I find it passing strange, to say the least, to hear that this appears to be new information to the member. This is not brand-new, introduced by the government today. This motion has been out for at least—

**Mr Tilson:** No, excuse me, we're talking about the regulations that haven't even been written yet. That's what I'm concerned about.

**Mr Owens:** The issue that is under discussion here is the motion and Bill 164, and this section that we're debating has been out in public and available for consultation. I stand to be corrected, but it's our understanding that we have not received input from yourself on this particular issue.

**Mr Tilson:** Just so the parliamentary assistant isn't under a misapprehension, what I'm speaking of is that in the response to the questions raised by Messrs Harnick and Kwinter, it has now become apparent that the regulations have not been written, let alone dis-

cussed. You have now told this committee that you, or representatives from the ministry at least, are entering into discussions with the insurance industry, or representatives of the insurance industry, as to procedures, arbitration process, dealing with this specific section.

I'm quite aware of this topic. This topic was brought forward by members of the government, in particular by you, as to the need for innocent accident victims to get these immediate payments. I understand what your philosophy is.

What I don't understand is—and I would hope that you would enlighten us—what were some of the discussions that you have with the insurance representatives, the insurance industry, as to their comments as to the recommended procedure and recommended arbitration process that you're suggesting. Otherwise, the questions raised by Messrs Kwinter and Harnick remain unanswered.

**The Chair:** Mr Owens, do you have any comments? If you don't, Mr Kwinter has been very patient. He'd like to offer some comments.

**Mr Kwinter:** With all due respect, I just want to take exception to the definition of the purpose of this clause given by the parliamentary assistant. He said that the purpose of this clause, and it's quite simple, is to ensure that the victim is paid. I don't agree. Bill 164, in its broadest sense, is to make sure the victim is being paid, but this particular clause deals with a very specific point, and that point is, who is liable? It really is not "Pay the victim"; it is, "Who is liable?"

It says it governs the procedure for determining who is liable, and then it says that if there is a dispute about that liability and it has to go to arbitration, then this provision allows for that to happen, which then gets back to my original comment, which was that somewhere along the line there isn't clarity as to how you determine the interim payment pending the determination of liability. That is really the issue.

**Mr Tilson:** Pending the arbitration process.

**Mr Kwinter:** Yes.

**Mr Tilson:** So he's right: There are two arbitration processes that we're talking about.

**Mr Owens:** Just before I turn the question over to Mr Halpert, I will respond to the member by saying that in fact the last part of 10.3, starting with "requiring," indicates that there's a requirement for an interim payment of benefits pending the determination of liability, and that's clearly directed at getting the accident victim paid. So your assertion that my interpretation of the clause is incorrect, I disagree with.

You're correct in terms of it involving an arbitration or dispute resolution process, but clearly the intent is to have the victim receive funds while this process is ongoing so that he or she is not left out in the cold for the period of time that the insurance companies argue



with each other.

I'll ask Mr Halpert for further clarification.

**Mr Halpert:** In the past, we've had examples where two companies have been fighting over this particular issue and neither one has paid, and that is the problem. This says: "We'll pay the person. We'll get that out of the way. Then we'll determine who should have paid, and then we'll figure out the accounting later."

**Mr Tilson:** You haven't told us who's going to pay. That's his first question.

**Mr Halpert:** Well, no, but—okay. The regulation will certainly have to state that.

**Mr Tilson:** That's the point we're trying to raise. That's his very point.

**Mr Kwinter:** That's the point that we're trying to raise. Again, without trying to really belabour the point, there's no question that there should be an interim payment and that this provision, and I'm sure elsewhere in the act, provides for that. But the question really is liability. This issue deals with liability in saying that notwithstanding that there may be a dispute about the liability, the victim should be paid. I have no quarrel with that, but that is not what this is about. That's almost incidental, saying—the basis for 10.3 is, what is the procedure for determining who is liable? That's what it's all about. They're saying, "What is the procedure for paying the victim?" They're saying: "What is the procedure for determining who is liable? And, incidentally, pay the victim while you're determining that, and then we'll sort it out afterwards."

My concern is that the representative of the Ontario Insurance Commission says, "The regulations are going to say 'pay them,' and then we're going to work it out." I am saying, who is going to pay them? If there's only one insurance company involved, then it's quite obvious, you go to that one insurance company and say, "You may be disputing the quantum of your liability but pay it and we'll sort that out." Where I have a concern is where there may be two, three or half a dozen insurance companies and there may be some very, very strong feelings as to whether they have any liability at all and someone has to pay it. All I want to know is, how is that determined?

1110

**Mr Owens:** It'll be determined through the regulation-making process. There's no misunderstanding about what your question is, and that's who's the first payor, who lays out the dough and then goes through the dispute resolution mechanism. You've very clear on that and we understand that question. What we're saying is that, in terms of this clause, it sets out that the victim needs to be paid and that in terms of how the regulations are being drafted, the first payor will be worked out, whether it's one, two, three or four insurance companies.

**Mr Harnick:** I think quite frankly you're all missing the point. If I can be so bold as to say what in all likelihood you're going to do, you're going to set up a fault chart, the same way you deal with property damage, and that fault chart will immediately determine who the payor should be. But, you see, the problem you run into, if you've ever done any of this work or if you've ever taken the time to speak to anyone who does any of this work on behalf of a victim who is waiting for payment, is quite simply that if you leave this process open-ended so that there's an arbitration process to ultimately determine which company becomes the ultimate payor, you're going to be in real trouble.

The trouble you're going to be in is quite simply that the arbitration process at the insurance commission is breaking down now. Everybody knows that under the OMPP, which is a far less complicated system than this system and brings far fewer cases to the arbitrator than this system will, it's taking upwards of nine months to get a date for an arbitration at the insurance commission now. The system, this brilliant Liberal system, is failing. It's failing, it's expensive and your system is going to be more expensive, it's going to put more pressure on the arbitration process and if we're waiting nine months now, we're going to be waiting 19 months by the time your system gets going, and once your system kicks in, we're going to be waiting 38 months to get an arbitration hearing.

**Mr Tilson:** It sounds like the tort system, Steve.

**Mr Harnick:** It's going to be worse than the tort system. The other kicker is that I understand that Mr Laughren, the Treasurer, who has already bungled the books of the province, is now putting his finger into the insurance area because he in reality is the Minister of Financial Institutions. He's put his opinion on the line, and his opinion is that the insurance companies can come with insurance lawyers to the arbitration proceedings, but for the victims, the injured people, we're going to come up with some kind of comparable scheme to the worker adviser. We know how well the worker adviser works at the Worker's Compensation Board, when there's nobody on the other side in 99% of the cases. Let me tell you that when we get to the Ontario Insurance Commission, there will be an insurance lawyer on the other side.

If you think the workers' representative or the comparable individual who can't win before the Workers' Compensation Board now, when there's nobody on the other side, is going to go head to head with an experienced insurance lawyer and be successful, you're grossly mistaken. As the Treasurer has been wrong in his budget forecasts time after time after time, he's wrong now that he's sticking his nose into the Ontario Insurance Commission on behalf of innocent or, for that matter, liable victims who are injured in accidents.

But let me get to my point. Let's pretend that we do

something as silly as setting up an arbitration procedure so that companies can resolve, over a period of time, who ultimately will be liable to pay. If we have that arbitration procedure, how does that impact on the victim of the accident? You'll say: "No problem. We've set up a scheme and he's going to get paid right off the bat, so he won't have a problem." Well, it's not that simple.

I know that none of you people has spoken to anybody who works in this field, so let me tell you what happens. As soon as the accident victim starts collecting his money, he's now going to have two or three or maybe four or maybe five insurance companies that might ultimately be liable to pick up the tab. These two, three, four or five insurance companies are going to get together and they're going to say: "How badly injured is this guy? Well, why don't we combine our resources?" This man or woman, this victim, might be off work for 52 weeks, maybe 104 weeks, and under the NDP scheme, he's going to be making \$1,000, maybe \$1,500 a week from the NDP government's accident benefit scheme.

They're going to say: "Boy, that can cost us \$52,000 a year over two years. That's \$104,000. So what we had better do"—the two, three, four or five insurance companies that might ultimately be liable to pay while this guy is getting his money—"we had better sit down and have a little meeting and say, 'You know, we have a risk here. We have to reserve for \$104,000. Maybe we have to reserve for \$156,000, if he's going to be injured and off work for three years.'"

They're going to have to set reserves and those companies are going to have to sit down and talk about it. Then they're going to say: "You know, one of us at the end is going to have to pay this. Why don't we all get together and get some surveillance on this guy."

**Mr Tilson:** Gang up on him.

**Mr Harnick:** "It's not going to cost us very much money. We'll each kick in \$500, and for \$2,000, we're going to do some pretty damn good surveillance on this guy and we're going to be able to prove that he's really dogging it and he should be back at work." That's the first thing that's going to happen.

The second thing that's going to happen is they're going to say, "We think we should have a defence medical." Insurance companies are very cute about defence medicals. They never call it a defence medical; they call it an independent medical examination.

So they call up the insured who's collecting his \$1,500 a week and they say: "Look, we want to get you better so we're going to send you for an independent medical examination. On that examination, we're going to have a top doctor who's an associate professor of medicine at the University of Toronto or the University of Western Ontario and we're going to have him or her

examine you and we're going to find out what's really wrong with you."

How many examinations are there going to be? If there are five companies that are potentially liable to pay, maybe they'll say, "We should each get an examination." So one company will send the injured victim off to Dr Freddie Langer. Another one will send the injured victim off to Dr Norton Lithwick. Another insurance company may send the victim off to the Canadian Trauma Consultants. Another one might say, "Seeing as you guys are doing all these orthopaedic and neurological examinations, maybe we better have a top physiatrist do it, so we're going to call Dr Arthur Ameis and we'll send this person to Dr Arthur Ameis."

Now he's going to go to five medical examinations, because you can't limit the opportunity of someone who might pay in the end to have a proper examination and investigation. You know what's going to happen? This innocent victim, who might have been rear-ended, is absolutely going to get destroyed, because while you're doing your arbitration process, deciding who's going to pay, four or five insurance companies might gang up on this person who's injured.

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I see Ms Mathyssen looking at me, just shaking her head. I know she's going to be able to come up with a very realistic response to this to tell me I'm wrong, because she's spoken to all the people who are involved in this process and knows all about it.

But the fact is that while I am probably going to vote in favour of this section, because I believe that the person should get paid right away, if you set up an arbitration process that can permit five insurance companies to deal with this one victim—

**Mr Owens:** Let the record show that the audience has now cracked up.

**Mr Harnick:** Excuse me; I don't understand that.

**The Chair:** Mr Harnick, please ignore the interjections and just continue.

**Mr Harnick:** Everybody thinks this is pretty funny when some man or woman who's injured and can't go to work is now going to have his benefits cut off. You people think this is funny. When I argued about this in terms of the third-party system that we've always operated under, you laughed at me. Now I'm talking about it in the context of your own no-fault scheme and you still laugh at me. I don't think you people have one—

**Mrs Irene Mathyssen (Middlesex):** No one here was laughing; I don't understand.

**Mr Tilson:** The parliamentary assistant said everybody was laughing.

**Mrs Mathyssen:** No one was laughing. It's inappropriate.



**Mr Harnick:** The parliamentary assistant said you were cracking up.

**Mr Tilson:** He saw you laughing.

**Mrs Mathysen:** No, no, he said the audience, Mr Harnick.

**The Chair:** Order.

**Mr Harnick:** The fact is that I am now firmly convinced—

**Mr Owens:** Are you taking it personally?

**The Chair:** Mr Harnick, would you please continue.

**Mr Harnick:** Yes, I am taking it personally, because I happen to believe that accident victims need the proper advocate to protect them. You obviously don't believe that. When I saw the way you reacted to the way innocent accident victims should be treated, and now I see the way you're reacting towards the way accident victims under your no-fault scheme should be treated, I am firmly convinced that you as a government have absolutely no compassion for victims of circumstances that are not their fault. You have no compassion for the ability of someone to get back to work.

You think this is a big joke, and you think I'm sitting here doing nothing but trying to delay this bill. Quite the contrary, because I've gone to the insurance board with these people and I've seen what's happened. I've tried cases on behalf of accident victims and I see what happens to them. I see how badly they need an advocate and I see how badly they need legislation that can help them.

You've screwed them in the last piece of legislation—that's the Liberal Bill 68—and I tell you that the NDP government is screwing them again under Bill 164. You think it's a big joke, do you? It's not a big joke if you're the accident victim and you're going to get shafted by insurance companies who are going to be using these regulations, as they should be, to try to avoid paying, because that's the name of the game. If you think that your brilliant scheme is changing the way history has been laid out for decades in this province, because you're going to call it "no-fault," I tell you, you're dead wrong.

I tell you something else: This bill, with all its open-endedness, is ill conceived. You don't know where you're going. How can you be asking us to vote on things before you even have the regulations drafted? You've never even discussed this with the people who act for the victims. How can you promote this stuff? It doesn't mean anything. Only half the equation is here. How can you vote on this? How are you going to be able to protect people if we as a committee can't see the other half of the equation?

You're going to say to the five companies that might be liable to pay, "We're going to set up an arbitration process." One of them, at the end, is going to get stuck for the bill of \$156,000. You don't think they're going

to do their damndest—there are five companies that might be stuck—to try to avoid paying this person? You're creating this scheme that's permitting them to do that, because we haven't had an opportunity to look at the regulations.

I can't believe you're proceeding with this. It's hard to believe. And the reason is that, just the way you feel about innocent accident victims under the old scheme, you have disdain for accident victims under this scheme. I tell you, in the most obnoxious language I can muster, that this bill sucks just as much as Bill 68 sucks. I appreciate that's not parliamentary, but maybe it'll get your attention.

**Mr Owens:** You seem to know what it means. Why don't you tell us what it means?

**Mr Harnick:** Well, I don't know what it means.

**Mr Owens:** No, why don't you tell us what that terminology means? That's what my question is.

**Mr Harnick:** You can look it up in a dictionary, but it isn't complimentary, okay? If you need that much direction, I tell you it's not complimentary, because this bill is every bit as bad as Bill 68. What you're doing to people who are injured in accidents is unconscionable. How you can sit there and jabber away at me when you don't even make an attempt—you people are so silent that your silence is deafening in terms of what you're doing to accident victims.

**Mr Kimble Sutherland (Oxford):** You hold the floor in your self-righteous way.

**Mr Harnick:** Well, the only people who are self-righteous around this place is the NDP government, which goes from one screw-up to another, and this is just another in a litany of those screw-ups. I don't know how you can proceed with this without even having the regulations drafted, how you can be making laws and creating these kinds of sections without even knowing where you're going. I think it's deplorable.

**Mr Owens:** Notwithstanding some of the colloquial characterizations that were ascribed to this bill, I was pleased to hear that Mr Harnick is going to support this particular clause.

**Mr Harnick:** I said I might. You're talking me out of it now.

**Mr Tilson:** You just lost him.

**The Chair:** Mr Owens, if you would continue, please.

**Mr Owens:** I think, Chair, if there are no further discussions, maybe we can move to a vote.

**The Chair:** Mr Tilson wanted to make a comment.

**Mr Tilson:** I had a question for the parliamentary assistant. Mr Harnick has now raised another issue that I think the committee should spend some time on. We have now described a situation where we're talking about the procedure for determining who is liable.

Mr Harnick has raised the situation of the innocent accident victim, the possibility that an innocent accident victim could and will, in not some but probably most situations, get involved in this whole process, the arbitration process, specifically on quantum. There could well be some specific debates as to quantum, exactly how much is to be paid. I say that because we don't know because the regulations aren't available, so I can only assume that possibility exists. Because that possibility does exist, the question Mr Harnick raised is, who is going to represent the innocent accident victim?

We know that Professor Arthurs is making a submission or making a paper that's going to make some recommendations to the government, and that information will be made available some time later in the summer, I believe. I add this to my question to the parliamentary assistant. I believe we're remiss on voting on this section at this time, the committee putting the question to vote on this particular subsection at this time because (1) the regulations haven't even been written and we really don't know what we're voting on, and (2), and more importantly, because the very people we're trying to protect, notwithstanding what Mr Kwinter had said—and he's right; we're talking about who's liable—the real person we're trying to protect is the innocent accident victim. Yet the innocent accident victim is going to be put into a dilemma because he or she will be perhaps not represented by anyone unless Mr Arthurs comes up with a situation.

1130

When you take something out of the tort system—normally in a tort system the innocent accident victims have in the past been able to retain the services through legal aid or on their own, depending on their financial capabilities, been able to retain a lawyer. We're not sure whether the innocent accident victims—first of all, we don't know whether legal aid process is going to apply to this arbitration process. I don't know what discussions, if any, the government has had with the legal aid plan. We don't know any of those things. So this question is still up in the air.

In fact I'd like to share with the committee, Mr Chair, an answer to an order paper question that I made on the topic of who is going to represent the innocent accident victims, which I believe is another issue that has been raised by Mr Harnick in dealing with how are these people going to be dealt with with this particular procedure that we don't even know about.

My question to the ministry was, "please indicate who acts as an advocate for innocent accident victims before the Ontario Insurance Commission," which is what specifically deals with this question.

Mr Laughren responded:

"There is no advocate for the insured at the Ontario Insurance Commission similar to the position of the worker adviser at the Workers' Compensation Board.

Based on the experience of the dispute resolutions group, which provides mediation and arbitration service to insureds who are unable to reach a settlement with their insurer, friends, family members"—you can imagine, these people will be dealing against the high-priced legal talent of the insurance company who will be trying to downplay the quantum of the innocent accident victim—"paralegals and lawyers typically act as advocates for accident victims. In addition, the training"—

*Interjection.*

**Mr Tilson:** I'm sorry?

**Interjection:** I'll represent you.

**The Chair:** Carry on, Mr Tilson.

**Mr Tilson:** "In addition, the training of the dispute resolutions staff recognizes the potential power imbalance between the insurer and the insured in any settlement negotiation."

So the Treasurer, who is in fact the real minister responsible for this, it eventually comes to light, acknowledges the issue that has been raised by Mr Harnick, that the innocent accident victim—it's not going to be fair—the innocent accident victim is not going to have proper representation.

I'll read that sentence again: "In addition, the training of the dispute resolutions staff recognizes the potential power imbalance between the insurer and the insured in any settlement negotiation."

"Consequently, case workers (ie, the intake staff who handles the initial contact made by the insured with the Ontario Insurance Commission) are familiar with the availability of local community services such as legal aid and social services that can assist the insured to negotiate on an informed basis."

Well, maybe, maybe not. I don't think that's been made clear yet. Mr Harnick, who may have more experience on this than I—but I don't know whether legal aid covers this sort of thing, particularly—

**Mr Harnick:** No.

**Mr Tilson:** I'm sorry?

**Mr Harnick:** No legal aid.

**Mr Tilson:** "Similarly, mediators and arbitrators are trained and duty-bound to ensure that both insurer and insured clearly understand the dispute resolution process"—well, maybe. We don't even know what the process is. It gets back to Mr Kwinter's question, "What in the heck's the process?" We don't know what the process is because the regulations haven't even been written.

"Similarly, mediators and arbitrators are trained and duty-bound to ensure that both insurer and insured clearly understand the dispute resolution process and the relevant provisions of law applicable to the specific situation under consideration."



With due respect to Mr Laughren, they don't understand because the process hasn't even been written yet, the procedure hasn't even been written yet.

"In so doing, both parties operate on an informed basis in pursuit of a settlement under OIC's auspices."

Quite an amazing statement for the Treasurer to make because it's quite clear that the innocent accident victims in matters before—

**Mr Harnick:** Any accident victim.

**Mr Tilson:** —the Ontario Insurance Commission, and with respect to this section, with respect to this unwritten arbitration process, unwritten procedure, unthought-of procedure, procedure that doesn't even exist, arbitration process that doesn't even exist or hasn't even been thought of, these people aren't properly represented.

"In 1992, 49% of insureds who used the mediation service were represented by lawyers. Lawyer representation during arbitration and appeals was 71% and 80% respectively."

The next statement is rather an astounding statement and I'm sure the legal profession may or may not make some comments. "While representation by lawyers does increase as the negotiation prolongs, it has little bearing on the outcome of the case." Rather an astounding statement for the Treasurer of Ontario to make.

He finally concludes that:

"Professor Harry Arthurs of York University has recently been retained by the automobile insurance review (AIR) group to review the question of advocacy for the insured in the automobile insurance sector. His deliberations are expected by the end of the summer."

That concludes Mr Laughren's—

**Mr Harnick:** It's already been predetermined by the Treasurer.

**Mr Tilson:** Well, exactly.

**Mr Harnick:** Mr Know-it-all.

**Mr Owens:** Mr Tilson, if I could have a copy of that for the clerk to photocopy, I'd appreciate it.

**Mr Tilson:** Of course.

**Mr Harnick:** Mr Know-it-all Treasurer, who has screwed up the finances in this province—

**Mr Tilson:** Mr Chair—

**Mr Harnick:** —sticking his nose elsewhere now. See what else he can destroy.

**The Chair:** Mr Tilson, if you would continue, please.

**Mr Tilson:** Mr Chair—

*Interjection.*

**Mr Harnick:** Not as perfect as you were when you were the third party.

**The Chair:** Mr Tilson, please. Order, please.

**Mr Harnick:** You had all the answers.

**The Chair:** Mr Tilson has the floor. Order, please.

**Mr Harnick:** Oh, you're really cleaning up the messes in this province.

**Interjection:** We sure are.

**The Chair:** Order.

**Mr Harnick:** You guys should be really proud of the messes you're cleaning up in Ontario.

**The Chair:** Mr Tilson, would you please continue?

**Mr Tilson:** Mr Chair, I—

**Mr Harnick:** Especially the ones sitting across there. Your voices are heard every day.

**The Chair:** Mr Harnick.

**Mr Tilson:** Mr Chair, I get back to my initial question, which was to the parliamentary assistant, that in light of all of the questions that are being raised, the question by Mr Harnick, Mr Kwinter, and the latest question is the issue that there's no doubt at this particular point in time and maybe not even at the end of the summer, depending on what Mr Arthurs says—Professor Arthurs is only going to be making recommendations. We don't even know what they are.

We may submit, for example, that Mr Arthurs's recommendations are not appropriate. I know he's certainly a well-known and well-respected professor of law in this province, but the fact of the matter is we may not agree with him and the government may not agree with him. The issue remains that if this section, this procedure, which has yet to be written, is passed, it may be inappropriate in that the innocent accident victim remains unrepresented and will be simply mowed down by insurance companies which will have the financial resources to retain solicitors to take on the innocent accident victim.

So my question again to the parliamentary assistant is, would it not be appropriate to stand this matter down, at the very least see—to use the words of either Kwinter or Harnick; I don't know which one—the rest of the equation? We can't properly understand this section and vote on this section until we know exactly what this arbitration process—or, if Mr Kwinter is right, processes—are.

**The Chair:** Mr Owens?

**Mr Owens:** No, it would not be appropriate to stand it down at this point.

**The Chair:** Mr Kwinter?

**Mr Kwinter:** I've been listening to the representatives of the third party and I have some sympathy with some of their concerns. One of the problems that we have as lawmakers is that we pass statutes, we pass laws and regulations that have an impact on the administration of justice in this province, and what we have here on the surface seems like an innocuous statement that there should be arbitration and there should be

some payment prior to the determination of the liability.

But, really, once this is passed, it stands alone. We will move on as a committee to other issues and other people, but until this gets amended, which may be five or 10 years down the road, this is the document that judicial tribunals, lawyers, all people who have an interest in this issue, will refer to.

That of course is the essence of what our jurisprudence system is all about, and that's how lawyers make their money. They make their money by looking at these words that we approve and they decide what they mean. Two lawyers will always have differing opinions of what they mean, and as a result they then have to go to some adjudication to have someone decide, in their opinion, what they think it should mean, and they make a ruling. It's subject to appeal, but basically that's the way our system works.

I really have some concerns about something that is so basic. As in the words of the parliamentary assistant, this is really to ensure that victims are paid, and I agree that basically it's to make sure that victims are paid. But if a victim is going to be paid and if he's looking for the authority, he's certainly not going to look at subsection 12(4.1) of the bill to say, "Under this bill, it says I'm entitled to be paid." What people are going to look at in this particular section is, who's liable and how do you determine who's liable? Where is that liability? Again, without trying to minimize the importance of it, coincidentally there should be some payment to the victim pending the adjudication of that liability.

#### 1140

Because the regulations are so intrinsically tied to this determination of liability and because—and I found it quite interesting to listen to Mr Tilson and his correspondence with the Treasurer, or the Minister of Finance—there is a role for the victim, and whoever the advocate is for that victim to be present at this particular process, it would seem to me that it's almost impossible to just casually pass this particular subsection without having some determination as to what it is we're talking about.

Now, the representative of the insurance commission says: "Well, the regulations will set that out. Don't worry about it. Those regulations will be formed and they will deal with it." I understand that. It would seem to me that if we at least had a draft regulation that said, "Here's how this is going to work. This is how we're going to determine who is to make this interim payment if there's any kind of dispute. This is how we're going to deal with that dispute before we determine the determination of liability," then at least we would know what we're talking about.

What we're really doing now, almost in the interest of expedience, is saying: "You know, you've got to take some faith. You've got to understand that everybody in this thing means well and that somewhere along the line

we will come up with regulations that will address this problem." The problem we have is that there is no provision for us to deal with the regulations.

The regulations—and I'm not telling any tales out of school. I have no idea whether you even have a regulations committee any more in cabinet. I assume you do. But I used to chair the regulations committee. Members would come to that regulations committee and most of them had no idea what was being discussed, understandably, because there is a host of regulations dealing with every single ministry.

The ministry puts forward the regulations and a representative of the ministry will be there, will tell the intent of the regulation. It sounds good, there's nothing that seems to be untoward, and it gets passed. Then, you know, it's gone, and everybody has passed the regulation. If you were to canvass the members of the regulations committee and say, "Can you tell me what regulation you just passed?" they would only be able to tell it to you in a very broad sense. "We dealt with something with insurance. It seemed all right and we passed it."

There really isn't an effective mechanism for dealing with it. There is a process, but again, as someone who has participated in it, I really feel that it leaves something to be desired.

When you have a subsection of a particular act that is so dependent on what that regulation is going to be, that regulation isn't just incidental, as to say, "Well, this is the date, this is the statute of limitations, this is how this thing is going to work." Then you say: "Oh, well, that's fine. Leave that to the regulations committee to sort of put the mechanism in place."

But when you're saying, "Yes, we understand that there are some areas of concern, we understand that there are some grey areas, we understand that there's going to have to be a determination of liability on an interim basis before we go to the arbitration, which means we may have to have an arbitration prior to the arbitration, we understand all that, but don't worry about it; the regulations will address it," what is really happening is, that regulation is not just enabling wordage that is going to give effect to this particular subsection; that regulation is really going to be the guts of what this subsection is because it's going to stipulate how this thing is going to work. The subsection doesn't say that; it just says it shall happen. But how it happens is going to be determined by the regulation and that regulation is going to have a very, very serious impact on how this thing is determined.

For example, in the case that was mentioned by Mr Harnick where you could have five insurance companies involved in a possible dispute, if for some reason one or more of those insurance companies feel that they don't even want to participate in this interim basis because in their opinion they have no liability and they have already determined that, that may be totally inappropriate.



ate because the feeling is that if somewhere along the line you have signed on and you have some potential liability, then you are a party to this action. I don't think there's any doubt that being a party to the action can be shown, but whether or not they are in a position or are willing to provide interim funding is going to have to be pre-determined. There's going to have to be some way of saying, "Notwithstanding your particular feelings on this subject, if you are a potential party to this action, then you are also a mandatory participant in any interim payments, subject to rebate or adjustment pending the final arbitration."

But I think there should be some indication of how that's going to work, because otherwise we may be passing a subsection that is either unworkable or unacceptable. I can tell you that just because we pass a particular piece of legislation, if it's unacceptable and if it is challenged, we may have as many problems as we think we've resolved. I am not suggesting that every bill have every single detail in it and that every particular eventuality be covered in the bill, and I think it's appropriate that this be fleshed out in the regulations, but it would seem to me that there should be some indication as to what the broad strokes—how this thing is going to work are laid out.

This governs the procedure for determining who is liable, it governs the regulations requiring the interim payment, so there should be some basis so that at least there is a reference point, so that when you look at the bill, you say this is what it states, "That all parties that are liable for this particular obligation shall be or must or will be responsible, on whatever basis, for participating in this interim payment." Then at least you know that if you have any potential for being liable in this particular action, you are also liable for the interim payment which will be adjudicated in the arbitration and then adjusted according to the findings of that arbitration.

I think that is really important because again, without trying to give the impression that this is just nitpicking a particular part of this bill, I think it's critical because this really goes to the essence of an important portion of what this bill is all about.

**1150**

As I said earlier, the basis of this Bill 164 is to provide compensation to victims via the Insurance Act for accidents or injury or harm caused as a result of automobile mishaps. There's no question that that is the basis of it. But in any kind of process of this kind, on the one hand, you have to have payment; on the other hand, who is going to pay it? That's really what we're talking about. Those are the two basic elements; all the rest is commentary.

The thing is, how do we establish who is entitled? How do we establish who is going to pay it? Mr Harnick talked about the equation. This goes to the

heart of the equation. On the one side, who is the victim? Who should be compensated? And then, who should be liable?

This is the procedure for determining who is liable. If you can't determine it obviously, then there's a process for arbitration, and then there's also the provision that, pending the outcome of the arbitration, there is an interim payment.

I go back to my very first comment. Somewhere along the line, someone is going to have to determine who makes that interim payment. A representative of the Insurance Commission is saying: "That will be in the regulation. Don't worry about it. We'll work it out." But again I say, that is a very, very basic concept, because the regulation is obligating people where I think the act should be obligating people. Once you set out and catch all of the potential obligatees, then you can have the regulations spell out how this is to be determined. But right now, all you're doing is saying, "where it requires the interim payment of benefits pending the determination of liability," without capturing all of the potential parties to this liability.

It would seem to me a fairly easy drafting procedure to spell out that all parties or all potential parties to this obligation, as defined in the Insurance Act—you can't be liable if you're not in the insurance business. You can't suddenly say to some person who has nothing to do with this, "Everybody is potentially liable." Obviously, the only people who are going to be liable are people who are an insurer of this vehicle that is involved or the victim who is injured. But there has to be, in my opinion, some determination up front that these are the people who are potentially liable, and if you are potentially liable, then you're also obligated to participate in this interim payment subject to arbitration and subject to a final determination of the liability, and adjustments will be made at that time.

I really think that it goes to the heart of what we're talking about. And again, I know it sounds like it's nitpicking, but the legal profession is all about nitpicking. I mean, that's what they do. That's their business. They're nitpickers. And as a result, when you look at a clause and you read it, you can't say, "Well, this is what it was supposed to be," or, "This is what it was meant to be," because a judge or an adjudication panel can only interpret the words that are there. And if a very, very bright and astute lawyer can appear before that panel and can make a case as to what any reasonable person could assume that those words would mean, then you have a problem.

The thrust of what we should be doing—without, as I say, getting into such minutiae that every possible, conceivable eventuality is outlined in the bill, is included, which is not practical—is that there should at least be a basic outline of what it is that we're trying to do.

I feel strongly that this particular subsection, (4.1), 121(1) of 10.3, deals basically with liability: Who is liable and how do we determine that? But it also provides a provision that there be interim payment. So you have two things to determine: You've got to determine who's liable—there's a provision for doing that; you have an arbitration process, and that happens—but it also says that in the interim there shall be payment. But you don't say how that happens. All you're saying is that there should be payment.

It would be great if the government said, "What we're going to do is we're going to set up a fund, and with that fund we will make any interim payments pending the determination of the final liability." Then you have no problem. You'll have a problem with the Treasurer and you'll have a problem with a lot of other people, but you will have no problem with this particular section.

But you're not doing that. You're saying, "...the regulations and requiring the interim payment of benefits pending the determination of..." So somewhere along the line, someone is going to have to arbitrarily say: "We haven't determined who is liable, but it doesn't matter; you're going to have to pay. We'll sort it out later, but right now you're going to have to pay."

That is where we have the problem, because that person or company or whatever is being designated as, "You're going to have to pay pending the liability." If their interpretation of their liability is that they have none, they're going to say: "Take a hike. We're not paying anything. If you want to pay, you pay, but we're not paying because we don't see any liability."

That gets me back to the suggestion that I made. I think it could be resolved and we could circumvent any potential problem by suggesting that any insurance company of record that has a potential liability shall be obligated to participate in the interim payment pending the outcome of final arbitration. At that point, adjustments will be made either by paying the whole amount or by getting a reimbursement for the amounts that were put forward.

I know I've gone on at length, but I feel strongly about it, because I think this is really at the essence of this bill. It is one of the key elements of this equation, one being paying the victim, and two, assessing liability. Unless we more clearly define the parties to the liability, and I think it can be done, I think we're going to have a problem. I think we're setting up an unnecessary problem that can be rectified. It can be rectified with some relative ease and I think that we would be doing the victims a service.

Let there be no mistake: I am not trying to particularly be vindictive against insurance companies. I'm not trying to make this tough on the insurance companies. I'm trying to ease the problem for the victim so that anybody who has a potential liability will be required to

participate in the interim payment, with the understanding that once the arbitration is completed, the final adjustment will be made. I'd be interested in hearing the comments of the parliamentary assistant.

**Mr Owens:** I think, if I'm understanding you clearly, that we're not in dispute with respect to potential difficulties that may evolve out of one, two, three or four insurance companies being involved in an incident. I think our dispute, our disagreement, more particularly, is a placement of where the mechanism to work out that dispute should be placed. It's your view that it should be in as part of the bill.

It's our contention that the clause under (4.1) is that it sets out as a mechanism a method to order payment to an accident victim. Through the regulation-making process—during your comments I heard some good suggestions around what might form part of the regulations with respect to who pays and setting out who participates.

As I say, I think we agree that there is a potential for problems. Our disagreement is where we solve that. It's our contention that we can solve it through the regulations and that this clause sets out—and we both agree that the victim should be paid notwithstanding the kind of disagreements that may take place between the insurance companies.

You referenced comments from the members of the third party. I'm not sure whether you agreed wholeheartedly with all the comments that were made, but the member for Willowdale set out situations where there may be one or more insurance companies and the kinds of hoops that these companies may force the victims to jump through.

It's our contention that this is in fact happening at this point and that insurance companies, as their first order of business, will want to limit their liabilities in terms of payments and that they will do what they have to do to achieve that. In terms of this clause all of a sudden bringing a whole new level of espionage, as the member was characterizing it, and multiple medical opinions, we don't see that as being close to reality.

Again, with respect to your comments, Mr Kwinter, we will certainly take under advisement your suggestions, which I think are reasonable suggestions, that they should form part of the regulations. We will certainly work those through.

**The Chair:** Mr Kwinter, very quickly. We have a call to the House right now.

**Mr Kwinter:** The point I want to make is that I am not associating myself in any way with the comments made by the members of the third party as to the espionage and things of that kind. What I am concerned about is that the provisos of this particular section are to provide for an interim payment pending the determination of liability. I just want to make sure there is



some way that this interim payment can be made. If we have a dispute about who is even going to pay the interim payment, you may be doing the victim a disservice, because even though there is the provision that there be an interim payment, because you're depending on third parties to make that interim payment, there should be some basic ground rule as to who has to pay this up front. That is the basis of my concern.

I understand the vote is being called and we can come back to this.

**The Chair:** This committee stands recessed until 3:30 pm this afternoon, directly following routine proceedings.

The committee recessed at 1203.

## AFTERNOON SITTING

The committee resumed at 1545.

**The Chair:** I call the committee to order. Just prior to our recess we were dealing with subsection 12(4.1) of the bill. I believe that we had exhausted the debate at that point in time. Unless there is further debate, I would call the question.

**Mr Kwinter:** I had exhausted my debate but the parliamentary assistant had not responded because the bells were ringing, calling us to the House, and I would appreciate his response.

**The Chair:** Very well, Mr Kwinter. Mr Owens.

**Mr Owens:** I hope my memory serves me as well as yours might in terms of the points that you made. I would appreciate, if I don't answer your questions, that you refresh my memory.

I think, again, we were not disagreeing on the issues in terms of potential complications with respect to insurance companies having disagreement over who should be the first payer in incidents, especially where there are multiple companies involved. But it's our view that the regulation is better equipped to deal with that argument and it's the view of the clause and of the government that, while this discussion is going on, in fact the victim should be paid and that actions that go on between the insurance companies with respect to who would be back-charged at the end of the day, when liability is determined, should not affect the payment to the victim.

**Mr Kwinter:** If I could just refresh the parliamentary assistant's memory on the point I was making, my concern is not who should be the first payer and my concern is not with the fact that the victim should get an interim payment while the arbitration is taking place on the apportionment of liability. My concern is—and it really is for the victim—that as a result of this provision and as a result of this section, it requires an interim payment of benefits pending the determination of liability. I feel that this particular subsection does not adequately set out who should be making that interim payment.

I was asking if a statement could be incorporated which would say that all insurance companies that have any possible exposure to the liability shall participate in the interim payment to the victim and that after a suitable arbitration adjudication the payments would be adjusted, depending on the determination of liability. That was my concern.

The response that I got was that this would be looked after in the regulations. My concern is, because this is such an integral part and goes to the heart of what Bill 164 is about, that rather than leave it in the language of the regulations, a simple statement incorporated into the act that all insurance companies that have any possible liability shall participate in the interim payment subject

to an adjudication under arbitration, with the suitable adjustments taking place after that arbitration. That was really what I was looking for as far as a response from the parliamentary assistant as to what he felt about that particular proposal.

**Mr Owens:** I think that at the end of the day we're still down to the question about who will be the first payor and that even requiring that all insurance companies participate in the payment—and I understand this is your suggestion—and in terms of working out the formula, if we were to accept that, that would be something that we would have to look at.

But the first thought that comes to mind in that scenario is: How would you apportion the payment out if there were two or three or more companies, and again, who would ultimately cut the cheque? It's not that I don't recognize your point. My concern is, however, that by placing this type of statement—notwithstanding some of the more pragmatic issues with respect to process that would ensue with language like that in the legislation, addressing the process where one or more insurance companies would participate is clearly a better place to do that.

**Mr Kwinter:** Mr Chairman, if I could respond. The parliamentary assistant has just reiterated the crux of the problem. He said: "How would you determine who's going to pay? How would that be determined?" That is exactly my concern. He said, "How do you determine that?" What I had said earlier and what I had said this morning is that you might have to have an arbitration to decide how to pay the interim payment before you do the arbitration to determine how you do the final payment.

The other concern that I have is that you refer to the first payor. How do you determine who the first payor is if there is some dispute? As I had said earlier this morning, if it is cut and dried and if there is one insurance company and they are absolutely the only possible insurance company that has a liability and the only question is what the quantum is which will be determined by arbitration, no problem.

The concern that I have is that if there are a number of insurance companies that are potentially liable—not necessarily liable but potentially liable—and they're all named by some aggressive lawyer who takes a look at all of the possibilities—and those of you who have had any experience in the law will know that when a lawsuit is launched a lawyer who is diligent will sue everybody who could possibly be a party to the action, hoping that somewhere along the line he's going to get somebody who's going to have to pay. The point that I'm making is that without some direction in the act—and when you have a decision that an interim payment has to be made and there are several potential parties at risk but many of them who may feel that this is an absolutely frivol-



ous action, that they have been caught in the net just to make sure that somebody eventually gets caught, and they decide that this action is so frivolous that they're not going to participate, they're going to challenge you and they're going to do all sorts of things because they feel that they've only been included because the lawyer involved has decided he's going to cast as broad a net as possible. That is where the concern is.

When you say, "the first payor," how do you establish who the first payor is? I mean, do you put their names in a hat and say, "Sorry, you're the guy who's going to pay and then we'll sort it out later"? That is exactly my concern, that if a statement were included that provided that all possible insurance companies to this liability shall participate in the interim payment, subject to an adjustment after the final arbitration, and to just say, "Well, the regulations will say there's going to be a first payor and after the arbitration we'll resolve it," that is where I have my concern. How do you establish who that first payor is, how do you establish who the other responsible parties are and how do you apportion this liability?

**Mr Owens:** As I indicated, I'm validating your concerns and indicating to you that the regulation-making process is ongoing and will seek to answer those questions. We're not suggesting that those are not questions in our minds as well and, in terms of the process, yet to be established.

Different insurance agents will have different views. If we go to State Farm today, we could ask their opinion on how they see this process working.

I think the issue that an insurance company would be more particularly concerned about would not be the payment of the claim or the dollar amount; it would be who is liable, who is at fault, who shares responsibility for the accident, for the incident that's taken place.

Again, we seem to be going around and around. I'm agreeing with you in terms of your concerns, and they're quite valid. Again, we disagree on how and where they should be addressed. I'm suggesting to you that in terms of the process they will be addressed through the regulation-making process and the consultation that's ongoing. The clause simply directs that, notwithstanding a dispute that may be between two insurers, in fact the victim will be paid, and then the process will flow as to how the recovery of that payment is made.

So your points are accurate. Again, we disagree on where they should be placed.

**Mr Kwinter:** I really apologize to the members of the committee for prolonging this, but I really feel very strongly about this. What we have is the parliamentary assistant saying one thing but then saying something else.

To give you an example, he says, "The insurance

companies really don't care about the money and what the actual dollar amount is; what they're really concerned about is the responsibility." Well, caring about the responsibility has only one reason, and that's, "How much money is it going to cost me?" It's not going to make any difference if I say to the insurance company, "You're responsible but you don't have to pay any money." If you are responsible, then you're going to have to pay some sort of settlement.

**Mr Owens:** That's right, but at the end of the day, it's where the liability lies. I'm not saying that they're unconcerned about dollars. In terms of how we, again, see this process, it's our view that no matter what background action is taking place between insurance companies, the victim needs to be paid. I disagree that I'm saying two different things. My points have been consistent throughout the discussion of this clause.

1600

**Mr Kwinter:** I don't want to go back to things I talked about this morning. If the government had a fund comparable to what used to be, in effect, the unsatisfied judgement fund, where those people who did not have insurance—there would be a fund that would pay the victims. Then you'd have to pay a substantially higher licence fee because you didn't have insurance. There was a fund administered by the government so that, in effect, in the adjudication of who was to share the responsibility—talking about the insurance companies—this fund would be activated and that money would be paid to them.

**Mr Owens:** Such as it is now, through MVAC, the motor vehicle accident claims fund.

**Mr Kwinter:** What I'm saying is that under the provisions of Bill 164, there is not going to be such a fund. What is going to happen is that someone is going to have to make this interim payment and that interim payment is only going to be made by an insurance company. It's not going to be made by anyone else other than an insurance company. Insurers are going to sit down with the director of the insurance bureau and say, "Okay, you're going to have to pay this interim payment subject to a final arbitration."

**Mr Owens:** That in fact will continue to exist. I'll turn the question over to Mr Halpert in terms of the process around MVAC and how this language will relate to what's currently in place.

**Mr Kwinter:** If I could just continue before Mr Halpert speaks, the point is that when you say the main concern is to get some money to this victim—and I agree; I'm not arguing that; I'm not defending any particular point of view other than the fact that somebody's going to have to make that payment. Someone is going to have to say: "Yes, here's a cheque to that victim. Let's have some arbitration and decide whether or not we are really liable."

You're saying that the first company—or whatever you want to call it—is going to make that payment. I say there's no problem if there's only one company involved. But if there are five companies, and they each deny liability but are only in there because they have been named, how do you determine which of those five are going to make that payment?

As I say, you could either throw darts or have a draw or someone is going to arbitrarily say, "In our opinion, you are the guy who has the greatest chance of being liable." The minute you say that, you leave yourself wide open to someone saying: "We don't agree. You are predetermining this case. You're saying we are liable when we don't feel we are liable." You then have a problem.

All I am saying is that if you leave it to the regulations, you're just going to compound some problems because regulations can be changed literally at a whim, whereas if you put it into the act, the only way you can change the act is by amending it. All I am proposing is that there be a provision that all parties—and by "parties" I'm talking about the insurance companies, not the victim—that have a potential liability shall share in the interim payment, subject to a final adjudication and an arbitration. That is really the point I'm making.

When I say you're talking in contradictory terms, you're saying the insurance companies don't really care about the money, that all they care about is the liability. I'm saying to you that the only reason they care about the liability is because the liability reflects in dollars. If there's no liability, there's no money. If there is liability, it's going to cost them money. They are not there just for the exercise to say, "Maybe we're liable, maybe we're not." They're there because if they are liable, it's going to cost them money.

They're absolutely concerned with both the liability and the money, because those are indivisible. The liability represents money. If there's no liability, there's no money. The point is that somewhere along the line you've got a provision for an interim payment, but you have no apparatus of where that money's coming from. You're just saying, "Okay, we're going to pay an interim payment," but who's going to pay it? You're saying the first insurance company's going to pay it, and I'm saying, how do you determine who's the first insurance company? You're saying the regulation will do that.

I'm saying the regulation is going to have a tough time determining that unless you make a provision that it really isn't necessary to determine that at that stage because it's an interim payment and these people are in business and it's the cost of doing business in the insurance business. As long as there are multiple potential liabilities, then those parties should know in the act that they have an obligation to share in the interim payment, knowing that after the final adjudica-

tion through arbitration, there will be a proper allocation of liability. That is really the point that I'm making.

**Mr Owens:** I'm pleased that you're able to give both sides of the argument because it certainly saves time. I'm in the position again of saying that in terms of your questions, you're dead on, but again, we're at variance on where this resolution should come.

Our view, again, is that the answer will be found in the regulations, that regulations are not made up or authored in a vacuum, without consultation, and that in terms of how insurance agents, insurance companies, will want to be able to deal with these disputes, they'll want to have an orderly and relatively simple process as to who is the payor.

In a sense you're saying that there is an absence at this point of a process to determine who the first payor is. I agree with you, and again we differ on where that resolution should come. It's our view that this resolution should be found in the regulations.

**Mr Tilson:** Several weeks ago, a number of weeks ago I had asked a question in the House to the minister as to when we could expect the draft regulations to be introduced or made available for consideration, not only with this committee but with the various interest groups. His answer was—I think the words were "several weeks." Several weeks have now gone by.

**Mr Owens:** If you have the Hansard, I'd be pleased to look at it.

**Mr Tilson:** I'm just telling you that the commitment was given that in several weeks—several weeks ago, there was a commitment that the regulations—

**Mr Paul Klopp (Huron):** Several weeks is two weeks from now.

**Mr Tilson:** You're right. I don't know what "several" means. "Several" could mean 22.

**Mr Owens:** Joint and several liability? Is that what we're talking about?

**Mr Tilson:** I'm simply saying that—

**Interjection:** Several is more than two.

**The Chair:** Mr Tilson, I understand the regulations aren't available at this point in time.

**Mr Tilson:** Well, they're not even written.

**The Chair:** Then definitely they're not available.

**Mr Tilson:** Of course they're not available. I know that. I'm quite aware. But we were told several weeks ago that they would be available in several weeks. So my question is now—

**The Chair:** I just want to bring to your attention that the purpose we're here for is to go through clause-by-clause of Bill 164 and not deal with regulations. I know I've said that before. I just wanted to remind you.

**Mr Tilson:** Mr Chairman, your predecessor said the same thing. The difficulty is that when we're dealing



with issues such as this, almost to a letter, the answer's coming back, "Oh, that will be dealt with in the regulations."

The whole premise of no-fault auto insurance benefit packaging is dealt on the principle of regulations. To properly understand the whole process of where we're going and all of the questions that are being asked—what procedure? What's the arbitration procedure? How are you going to determine liability?—all of these things are all spelled out in the regulations. Because of that, because of those answers that have been given and because I think it would be totally irresponsible for this committee to vote on this section—I might even be prepared to support this section if I knew what it meant. I defy anyone to tell us what it means when we know perfectly well that we can't tell what it means until we've seen the regulations.

1610

**Mr Owens:** Are you threatening support?

**Mr Tilson:** Am I threatening what?

**Mr Owens:** Are you threatening support?

**Mr Tilson:** No. I'm trying to be as reasonable as I usually am, Mr Owens, and I'm simply saying that the staff have now said that a lot of the answers to the questions that we have been giving will be put forward in the regulations, and yet the regulations haven't been written. So my question again is, to the parliamentary assistant, can you enlighten the committee as to when these regulations will be made available?

**Mr Owens:** Mr Tilson complains, on one hand, that the regulations are incomprehensible, too complex—

**Mr Tilson:** I did that because I assume that's why you're rewriting them: Nobody could understand them.

**Mr Owens:** —too lengthy in nature. So we are now taking a look at the regulations again to provide some clarity, in consultation with the industry, in consultation with legal practitioners and in consultation with consumer groups.

In terms of some of the issues that Mr Tilson and his colleague have raised and in terms of meetings that have taken place between Mr Harnick and the minister—and I presume that you've been at least one of these meetings—

**Mr Tilson:** I dropped in for a few moments.

**Mr Owens:** I hope it was a fruitful few moments.

**Mr Tilson:** No, it wasn't fruitful, quite frankly.

**Mr Owens:** I hope you at least enjoyed the coffee, then.

**Mr Tilson:** The reason why it wasn't fruitful? Because the minister had indicated to me that he was prepared to consider the whole philosophy of the test, that the deductible test may not be appropriate. You will recall, I think, at one of our last meetings I indicated that the minister was musing—and I agree the word was

"musing"—over the possibility of changing the deductible test to a form of verbal threshold test. It was that reason Mr Harnick asked the question this morning.

I quite frankly don't know why we're continuing on at this stage. Number one, we don't have the regulations. The minister is contemplating, or has been contemplating, the possibility of changing the deductible test to a verbal threshold test. Number three, we have Professor Arthurs coming forward with some sort of advocacy for the innocent accident victims at the end of this summer, and finally at the end of this summer, we're going to have the Court of Appeal ruling on three decisions dealing with the Ontario motorist protection plan, which you might even find palatable. The decision of the Court of Appeal determining what the test is, even you might find that palatable.

I guess that for every one of the questions that we're asking, you can't give the answer. You can't give the answer to any of the questions that have been asked today because the draft regulations aren't even written.

**Mr Owens:** Quite the contrary, I think I've answered very effectively every question that's been posed here today. In terms of the questions that were asked this morning with respect to a new amendment, we clearly indicated that this was an amendment that came out of meetings between Mr Harnick and the minister. I think that's been a demonstration that in fact we are listening to members of the opposition and members of consumer groups and the insurance industry and that we're quite prepared, when demonstrated a better way, to take that better way.

Mr Harnick is familiar with the better way. He gave us quite an accurate description of a trip up to the insurance commission last week.

But in terms of why we are here, there are a number of sections that are quite important. Yes, the regulation-making process is still ongoing. We're still prepared to take input from yourself and your colleague from Willowdale, who, I'm to understand, is still continuing to want to meet with the minister to address some of his concerns and the concerns of his colleagues in the personal injury bar, and the minister is quite prepared to address those concerns.

**Mr Tilson:** Mr Owens, Mr Harnick and I and, I'm sure, my colleagues in the Liberal Party are continuing to try to find out exactly where you and your colleagues are—

**Mr Owens:** Also, the Liberals weren't at these meetings.

**Mr Tilson:** I'm sorry? Excuse me?

**Mr Owens:** I don't know if Mr Elston or Mr Kwinter have been at these meetings.

**Mr Tilson:** I will speak then for Mr Harnick and myself. Certainly, we're trying to find out exactly what you mean by this legislation, this section.

**Mr Owens:** You mean the section that we passed this morning? Your colleague, quite frankly, requested it and we put the section in.

**Mr Tilson:** The question that still remains is that we don't know what "procedure" means, we don't know what the "determination of liability" means, we don't know what the "arbitration process" means, we don't know how we arrive at the arbitration process. According to ministry staff, all the answers to those questions will be given in the regulations. I will say to you that I really think it's premature to proceed with this section at this time when that information is not available.

Yes, there was a considerable amount of criticism throughout the public hearings. Delegation after delegation came forward and spoke on the subject of the draft regulations. No one, literally no one, was able to explain to the committee what the regulations meant, what the draft regulations meant. People who were most competent in the area of insurance law, whether it be lawyers or insurance experts, came to this committee and said that they had studied the regulations and couldn't understand them.

To give you credit, you've indicated that you're not proceeding with those draft regulations, although, oddly enough, most of your bill seems to be based on those regulations which you've now discarded. You know the bill can't work. You can't properly explain the bill without regulations. There's no way you can explain to members in the insurance industry, the legal profession, the medical profession, members of the public, what in the world you're talking about unless you have some structure of the regulatory process available.

You don't have that available, so it makes it almost impossible for you and members of the ministry staff to come to this committee and explain to members of this committee and others what in the world you mean. You say you've answered the questions. Mr Owens, with due respect, I don't know what the procedure is that's referred to in the first line. I don't know how we determine the very last question Mr Kwinter asked. I don't know how the determination of liability is going to be done. I don't know what the arbitration process is. The vagueness of this section—yes, you've gone over what it's trying to do, but until we have those regulations we simply cannot proceed. I ask you again to consider standing this section down until the regulations are made available.

**Mr Owens:** I think the direction of the clauses is quite specific. You, like Mr Kwinter, have raised some valid questions with respect to liability and who will be the payor etc, but again we disagree as to where that information on that process should be held. It's our view that the regulation should hold that information on that process.

**Mr Tilson:** Mr Owens, for us to properly vote on this section, I want to make sure I thoroughly under-

stand it. With due respect, I think you're going to have a great deal of trouble explaining this section to the committee and members of the public until those regulations are made available. For example, I ask you or members of the staff what you anticipate by the statutory accident benefits under section 268?

**Mr Halpert:** Those are the benefits under the draft regulation, or what will be the regulation, the statutory acts and benefits schedule.

**Mr Tilson:** And what do you anticipate those will be?

**Mr Halpert:** Well, there are 69 pages.

**Mr Owens:** How many pages would you like?

**Mr Tilson:** Could you list some of them? Could you tell us some of them? I don't know what those are.

**Mr Owens:** Care giver benefits, wage loss provisions, funeral benefits—

**Mr Tilson:** How are they going to be different from what is in the existing legislation?

**Mr Owens:** Significantly different.

**Mr Tilson:** Could you tell us that?

**Mr Owens:** Absolutely. First of all, they'll be indexed. We're looking at 90% of net as opposed to 60% of gross. We are looking at increasing the funeral benefits. We are looking at the provision of care giver benefits.

**Mr Tilson:** Could you be more elaborate on how you're going to expand those?

**Mr Owens:** In what sense?

*Interjections.*

1620

**Mr Tilson:** I'm sorry, Mr Chairman. The members of the committee appear to be criticizing me for asking questions in this area. I don't know what these things mean. Surely I have the right to ask—

**The Chair:** Carry on, Mr Tilson.

**Mr Tilson:** —the parliamentary assistant and members. You people may understand this—

**Mr Sutherland:** You're asking for the listing of the benefits. They've been listed on several occasions.

**Mr Tilson:** I want to see what in the world is anticipated under the statutory accident benefits under section 268, how the proposed law is going to change the existing law. I'd like to know what that means.

You're taking away the subject of economic loss. That whole subject has gone, and you know how members of the opposition feel about that subject.

**Mr Owens:** No, remind us.

**Mr Tilson:** Would you like me to go through that again, as to what I feel on economic loss?

**Mr Owens:** Absolutely. We're already out of order, so we may as well continue down the road.



**Mr Tilson:** The purpose of this whole process is to provide a system to replace the subject of economic loss, and I, as are other members of this committee, am entitled to know what the government is anticipating to do, what benefits it's going to replace economic loss with. I would like some details of the statutory accident benefits, what you're anticipating to provide.

**The Chair:** Mr Tilson and indeed all members of the committee, the business of this committee is to deal with Bill 164 clause-by-clause. I suspect that from time to time, as already indicated, members will have concerns with particular sections of the bill, as has been mentioned by members of the Liberal Party and the PC Party, because there are no regulations that give more information to deal with their concerns, that indeed the parliamentary assistant has not brought forward some of those amendments that otherwise he would have. I think it's clear that as we go through the bill, section by section, you indeed will have an opportunity to raise those concerns.

I suspect there are some sections of the bill that won't offer the kinds of concerns that are being suggested in this particular section right now, so if we would deal with this subsection 12(4.1) and make some determination. You've offered some concerns, absolutely, and the parliamentary assistant has responded. We can either vote on this or we can step this one down or we can debate it further. That's where we're at.

**Mr Tilson:** Mr Chairman, although you're a member of the New Democratic Party, I know you're attempting to be independent on this.

**The Chair:** Indeed I am.

**Mr Tilson:** And I respect you for that, but I am submitting that in the form of debate which I appear to be in with the parliamentary assistant, it is literally impossible to understand, to comprehend this section without the regulations. The answer to almost every question that has been given today, this morning and this afternoon, is, "Those answers will be given when the regulations are prepared."

We're asked to vote on a section which depends on those regulations. This section cannot be fully understood without the regulations—that's a fact—mainly because the staff of the ministry responsible for auto insurance—whatever the ministry is called—tells us that those answers will be given when the regulations are prepared.

I intend to continue pursuing questions. I will go through this line by line, and I have that right, Mr Chairman.

**The Chair:** Mr Tilson, I just want to remind you that the business of the committee is to deal clause by clause with Bill 164—

**Mr Tilson:** That's exactly what we're doing.

**The Chair:** —and if at that point, in a particular

clause, you feel that the regulations are necessary in order for you to understand better that section or whatever, then make that point. That's certainly your right.

**Mr Tilson:** Thank you.

**The Chair:** But that doesn't mean that absolutely—I wouldn't want to suggest at this point; we haven't gone through the whole bill clause by clause—absolutely every part of the bill needs to be substantiated with the regulations. So we're dealing with subsection 12(4.1) at this point.

**Mr Tilson:** I quite agree with what you're saying, that there are some sections that may not be dependent upon the regulations. But this section certainly does, mainly because of the answers that have been given by the staff to the various questions we've put forward.

For example, the next line says, "Including requiring insurers to resolve disputes about liability." That is one of the issues that will come forward in the regulations. Can you tell us what other issues will come forward in the regulations aside from that?

**Mr Owens:** I think one of the problems—and I believe you are a lawyer—in terms of reading things in isolation is that they certainly lose the intent and the context they were intended to capture.

With the patience of the Chair, of course, I'd like to respond to Mr Tilson's queries with respect to the line around statutory accident benefits. I ask the member to turn to section 25 of the bill. I certainly would have hoped that after three weeks of public hearings and close to three weeks of clause-by-clause he would have at least got his reading up to section 25, where the benefits are laid out.

**Mr Tilson:** Mr Chairman, on a point of privilege: I have been at every meeting of this committee that the parliamentary assistant has been, and I have understood as much, if not more, than he has. I resent his innuendos.

**The Chair:** Very well, Mr Tilson.

**Mr Owens:** Yes, I absolutely agree. The member from Dufferin-Peel has been at each and every meeting, and I certainly wouldn't want to imply that he hasn't. My concern is that the member was asking which statutory accident benefits were going to be discussed in the regulation, and I simply pointed out to the member that in section 25, on page 20 of the legislation, these benefits are delineated.

In terms of his question, reading a couple of words in isolation of the clause removes it from its context and intent. The intent of the clause, as we've discussed earlier—and I am concerned, because we agree that there are issues around who will pay and what one does when there is more than one insurance company involved. We agree that those are issues that need to be decided.

We are back at what seems to be the age-old question on this clause: Where does that process and mechanism take place? It's the view of the opposition that in fact it should be referenced in the legislation. It's the view of the government that it should be referenced in regulation, that that process is best laid out through the process of regulation.

I'm not quite sure how much more can be said on this particular clause. I think we are at a standstill here. I hope that that answer satisfies the member for Dufferin-Peel.

**Mr Tilson:** The concern that I and other members of the committee have is that obviously it's anticipated that there will be a great deal of litigation in this new field, and ironically, the whole purpose of a no-fault bill is to avoid the litigation that's gone on in the tort system. That's been made clear. The minister has stood up many times—when I say the minister, I mean Mr Charlton—and has said the tort system is too bogged down with litigation and that this whole process will provide instant relief to the innocent accident victim.

Yet we now see a whole new form of litigation being created, and I, members of this committee, the insurance profession, the legal profession, the medical profession, the innocent accident victims in all of those various groups that have made presentations to our committee, are entitled to know the new form of litigation that's being anticipated. We're entitled to know what procedure is being anticipated by the government.

The government has boasted that it's going to cut short a lot of the legal processes that have taken place in the tort system. They've boasted about that, and yet today, when we're trying to find out what various procedures are, to use the words of the last question I asked, "including requiring insurers to resolve disputes about liability through an arbitration process," the government parliamentary assistant is unable to tell us that, other than to say it's coming forward in regulation.

I think it's perfectly in order to say that if you're not able to tell us what these processes are—you've boasted that the whole process is going to be cut short, that they're going to get instant relief. How are they going to get instant relief? If you can't tell me how they're going to get instant relief, then I think the members of this committee would be totally irresponsible to vote for this section, because you have no idea how that process is going to resolve what you say is a very complicated existing procedure.

1630

**The Chair:** Mr Owens, do you have any further comments?

**Mr Owens:** We're again in the odd position, Chair—without wanting to be repetitious, because it's my understanding that it's a violation of the standing orders to be repetitious, I will tell the member one more

time that I agree with his concerns in terms of the innocent accident victims. If the member needs to be reminded one more time, we are in the process of developing the regulation in consultation, not in a vacuum, with the members of the personal injury bar and other stakeholders in this process, the insurance companies, and that in terms of them needing to see the process, I can't agree with you more. They are certainly involved and these communities have been involved from the time of the release of the first draft, and we have taken their concerns into consideration. We've released draft 2.

After the three weeks of public hearings and further consultations with ministry staff, with the minister personally, we are now working on a further clarification. So, again, at the risk of being repetitious, I agree that the member raises good questions, but again, we're back to where these concerns should be addressed. The opposition members feel that it should be addressed in the legislation. However, it's the view of the government that this process will be well taken care of through the process of regulation.

**Mr Sutherland:** Mr Chair, I haven't been in all the committee hearings, but I believe we spent a good portion of an hour this morning on this amendment and we've spent approximately 45 minutes now. I've certainly heard a lot of the same questions asked and Mr Owens has provided the same answer on a regular basis, acknowledging the concern. But there seems to be just a point of disagreement on how this should be resolved, whether it should be done through the actual legislation or regulation.

It would seem to me that there are a lot of other amendments in this piece of legislation that are going to require a great deal of analysis—and time as well. So I would certainly hope that at some point we could discuss some of these other amendments here because I'm sure people are interested in them and would like to have some discussion about them, as well.

**Mr Tilson:** Mr Chairman, just to respond to Mr Sutherland's comments, the question that we're asking is not—you've raised the issue, should it be in the legislation or should it be in the regulations. We're asking a series of questions on this proposed amendment and the answers that have been given to every last one of those questions is, "It's going to be in the regulations."

If you know what those regulations are today, you may not vote for this amendment. In other words, if you don't know what the procedure is, or let's put it the other way, if you knew what the procedure is, you may find that this procedure is just as cumbersome, just as legally complicated as the tort system, and you might say: "Sorry, I don't like that. I don't like what you're proposing. Go back to the drawing board and start all over again." Mr Kwinter may be right—we may be



talking two different types of procedures—but we don't know whether it's one or two procedures, but if you knew what those were, then you might not be prepared to support this amendment.

**Mr Jim Wiseman (Durham West):** On a point of order, Mr Chairman: I find it rather interesting that it's June 3 and, yet, as Yogi Berra would say, "It's déjà vu all over again." We've gone around this discussion about four or five other times and I believe the Chair has ruled in the past that continuous repetition, according to our standing orders, is out of order and that we should be moving on. I would like to invoke our standing orders and say that maybe we should be moving on. We've been around this issue many, many, many times and repetition is certainly not allowed or acceptable within our standing orders.

**The Chair:** Thank you, Mr Wiseman. Indeed, that's a point of order. Being a fair and unarbitrary and objective Chair, I want to make sure that we have just the right amount of debate on these sections.

**Mr Klopp:** I hear from colleagues across the floor that we all agree that we want to get people paid right away who are accident victims, and that's what this allows to be done. Part of the section allows it to be done. It also recognizes that they have to get on with getting the insurance companies to a table to finally admit who the person was who was at fault, through their driver or whatever happened.

With regard to the regulations, if we had the regulation in front of me today, I'm sure I know what I would do if I had my concerns. I could probably say, "Well, this is only a draft regulation, and the minister could change it by the time it's next week, so how can I really compare what this regulation is anyway?" That's another side of an argument.

But we agree that in an act you need to have the door open, so this amendment to this act, from what I understand, allows the process to be put in place, albeit through regulation. There's a general argument that can be made, "Well, it should be in the act." Mr Kwinter made that point. He feels that it should be right in the act. Some day we might not have as good a leadership as we have now and, I don't know, somebody might lobby the right minister and he might sneak it through and change the regulation, which would not be good for the industry as a whole, ie, the insurance agents or even the drivers.

My sense is, though, that in the last 100 years those things don't happen in such big swings, especially with insurance.

**Mr Harnick:** They were driving horses 100 years ago.

**Mr Klopp:** Well, so be it. There's been insurance around a long time.

The fact of the matter is that this allows the accident

victim to get paid right away, so that we don't have them sitting out there, sitting out in court waiting. In fact, I have heard of stories where insurance companies have not paid, and their own insurance company has gone ahead and said, "Well, we weren't at fault, but we are a good corporate citizen," and paid it. Insurance companies over the years, some of them, have got away, and they probably all have done it, that they didn't end up getting to pay their fair share.

So I think that I can agreed with this amendment to this bill, and the regulation can come forward. The argument, "Well, we want to see it now," again, if we had it here right now, one could say, "Well, I don't believe that. Next week he's going to change it anyway," or, "She's going to change it," so I think we should just leave it and get on with this bill.

**The Chair:** Thank you, Mr Klopp. At this point in time, being a fair and objective and reasonable Chair, I would say that sufficient time has transpired with regard to the debate.

**Mr Harnick:** Are you bringing in closure on this?

**Mr Tilson:** They have to do that.

**Mr Harnick:** They have to do that.

**Mr Tilson:** You're not allowed to do that.

**Mr Harnick:** You're not allowed to do that. You're the Chairman. They move closure.

**The Chair:** To be repetitious is not in order. Mr Tilson.

**Mr Tilson:** Mr Chairman, I have a question, really just so I understand what Mr Klopp's position is. You're quite right. The bureaucracy can literally change this stuff overnight, which is kind of scary, quite frankly, that procedures can be changed so suddenly. I would hope that you would have more concern about that, that hopefully we're not going to be getting to a complete government by regulation, that you would be fearful of that.

I guess the question that I have, just so I understand what your position is, is that when these regulations are developed, one of the concerns that will be at issue, dealing with the innocent accident victim, is that there may be an issue as to how much should be paid; you know, that that may be one of the issues.

There may be several issues. There may be the issue as to the determination of liability. There may be the issue as to which company. There may be the issue as to how much the innocent accident victim's going to get at that very early stage.

I think we all agree, believe it or not, that we are concerned that the innocent accident victim receive compensation as soon as possible. You can bet your bottom dollar, if we're talking about a large amount of money—and we could be in some of these serious cases—that there will be an issue as to the quantum.

Because of that, to protect the innocent accident victim, we, as members of this committee, are entitled to know—in fact, we should demand from the government—what in the world the procedure is to determine that issue. Otherwise, I, for one, don't intend to delegate every piece of legislation to this government. I don't intend to delegate this—that's one of the fears that I have of this piece of legislation, the amount of delegation that's going on. The large bulk of this bill is by regulation, which, by your own admission, can be made overnight.

1640

My question is, knowing full well—

**Mr Klopp:** No, no. Excuse me. My admission is that someone could use the argument, "Well, you could change it tomorrow," so we would never, ever get out of this argument. It would be a complete circle. If it's standing in front of me, you could say, "No, no; they could change it tomorrow." If it's not here, you're saying, "I've got to see it." I'm just talking about the way we debate things around here.

**Mr Tilson:** I know you're concerned about the innocent accident victim. Your party has said that with this legislation, with Bill 68, you are concerned about the innocent accident victim. The trouble is, there's a great big question here with this specific section, that the innocent accident victim could be treated rather unfairly. The innocent accident victim may say that he or she wishes such-and-such compensation at that early stage, and yet the insurance company, or companies, will hire all kinds of very expensive legal talent, whereas gosh knows what the innocent accident victim's going to have. With Professor Arthurs, who knows what sort of advocate he's going to be recommending?

But my fear is that we do not know the procedure. We can't even comprehend it because we don't know the procedure to provide the protection to the innocent accident victim at that early stage, and that is why I would seek your support in urging whoever makes the decisions in this place, whether it's the parliamentary assistant—maybe I'm overcomplimenting him, but whoever makes this decision—to stand this matter down until this committee can better understand what this procedure might be.

**Mr Wiseman:** I've listened with some interest to the discussion from the members opposite, and this has been going on for some time, so I would ask that the question now be put.

**The Chair:** Mr Wiseman has asked that the question be put. Shall subsection 12(4.1) of the bill carry? Carried.

That brings us to subsection 12—sorry. The next section that we will be dealing with will be section 13.

*Interjections.*

**The Chair:** I'm sorry. I was in error. The next

section is subsection 12(5). Is there any comment or discussion?

**Mr Owens:** For the purposes of explanation, I will turn the floor over to Mr Halpert.

**Mr Halpert:** The purpose of this reg is to move the statutory conditions, which are currently in the act, into the regulation. I can point to section 234 of the act, which contains the statutory conditions, if you wish to have some more information about what they actually contain. These conditions have to be contained in every policy.

**The Chair:** Any discussion?

**Mr Tilson:** I'd just like some rationale as to—it gets back of course to one of our fears. I believe all members of all three parties in this place have expressed a concern of delegating too much outside the legislation. This is an example. No reason has been given why we're doing this. We're moving the statutory conditions from the legislation to the regulations. Of course currently, if there were to be a change in section 234, it would be necessary for a bill to be introduced, and public debate would take place on that subject. That could be debated in the House. Now it will done literally behind closed doors.

I'd like some rationale. It's a serious move, when we have something that is normally in a piece of statutory legislation and which we as representatives of the public can debate, whether it's good or bad, to change specific sections, to suddenly, in one stroke of the pen, move them from an act to regulations. I would like some rationale as to why we're doing that.

**Mr Owens:** I'll start off the explanation and ask Mr Halpert to complete. The section is being moved to regulation to in fact make the changes possible, to make them in an easier fashion. I think that earlier on in a discussion there were comments made with respect to how a government could potentially lower benefits or do something that might be detrimental to the accident victim if things were not legislated, were only regulated and could be changed by the Lieutenant Governor in Council, that is, cabinet.

However, the reality is that, in addressing issues that will occur from time to time in terms of either benefits structure or the indexation formula, there is a requirement that it be done with some level of immediacy. The legislative process does not allow that immediate response to changing conditions and what we may find ourselves doing is in fact disadvantaging innocent accident victims.

I'll ask Mr Halpert to continue.

**Mr Halpert:** That's essentially correct. The purpose of the statutory conditions is to make sure that every policy issued by every insurer is exactly the same except for some minor changes like the name of the company. These have been around for some time now.



**Mr Tilson:** That's there now.

**Mr Halpert:** That's there now, yes.

**Mr Tilson:** Just to clarify what my question is, what I'm trying to determine is the rationale of why we're moving from the legislation to the regulation, all of which you've said is in the legislation now.

**Mr Halpert:** Yes.

**Mr Tilson:** My question is, why are we moving all of this from the act to the regulations?

**Mr Halpert:** The legislative process at times can be slow.

**Mr Tilson:** No.

**Mr Sutherland:** You've heard rumours of it, I'm sure.

**Mr Wiseman:** The legislative process is a lot slower.

1650

**Mr Halpert:** If a circumstance occurs where a statutory condition should be changed, where for example let's say the industry wants a change, those changes are in the interests of the consumer, the consumer wants a change, then those changes can be made relatively quickly relative to the legislative process.

It also allows to a certain extent—and I'm not sure we're going this far, but we may one day want to go to plain language. It is easier to put plain language into a regulation than it is to put plain language into a bill or an act.

**Mr Tilson:** I made a cute remark to that, that democracy is a slow process.

**The Chair:** You want to repeat it, Mr Tilson.

**Mr Tilson:** And it is a slow process. There's no question, as we all know it, that democracy is one of the slowest processes there is. However, I believe it's a good process. It precludes individuals who are not accountable from changing laws and rules overnight, laws that affect us. That's why we have—otherwise, why have any laws? Why not just have a series of regulations, which is a philosophical concern when I see this government introduce more and more legislation and the whole philosophy of its legislation is based on regulation.

I'm not being critical of you personally; I'm just simply saying that the philosophy of this particular government does concern me. Yes, democracy is a slow process. Yes, this is a slow process, to Mr Wiseman, that we're going through right now because, quite frankly, I don't mind telling you that a lot of what is being said at this committee I don't understand, and the reason I don't understand it is because the answers to a lot of these questions are being put in the regulations.

Now we have a whole section that's going to be moved to regulations that haven't even been written yet. They haven't even been written and yet section 234 in

its entirety is being moved to regulations that haven't even been written.

So it would seem to me that the government could go away and create a whole new section 234 which normally we, as legislators, have had an opportunity to debate in this House, the pros and cons, and determine whether it's a proper section. Now it can just be changed with the stroke of a pen. It can be drafted overnight. It can be created.

You say there is consultation with interest groups. Well, I'll tell you there's not going to be a great deal of consultation with the innocent accident victim. We have been hounding on that issue continually since this bill has been introduced.

I'm a little concerned about what you say about your anticipating that the government may plan to use plain language. The difficulty with using plain language: What the New Democratic Party may think is plain language, other people in this province may not find is plain language. The language that has been developed through the statutes and which people like the legal staff this place retains is what the people understand, what the court system understands.

Now, if you do that, if you use plain language—that's the risk of using what you think is plain language—it may be incomprehensible language. I as a legislator believe I have the right to debate what you think—and I don't mean to be pointing at you; I'll point to Mr Owens instead—what Mr Owens thinks is plain language. He and I have that battle daily. He doesn't understand what I'm saying and I don't understand what he's saying, but we're having an opportunity to debate. Now we're going to go away and we're going to have someone rewrite this thing.

I have a great deal of concern when I ask the simple question as to what the rationale is of moving this entire section specifically when we've been spending most of this day expressing a great deal of concern about the fact that there are no regulations, and now we're going to move it into regulations that aren't even written. It's almost preposterous.

The comment was made by Mr Owens, for example, that one of the fears is that a government, without going to the House, could lower the benefits. They could unilaterally lower the benefits, and when you start doing this through regulation, that's exactly the fear that we as legislators should be concerned with.

Now, you, Mr Klopp, are going to say, "We're a responsible group of people," and I have no doubt that Mr Klopp is a very responsible individual, but I will tell you that it is possible—

*Interjection.*

**Mr Tilson:** Your philosophy isn't very good, Mr Klopp, but I have respect for your integrity. But I will say that's the fear, that changes can happen overnight.

I must say I ask for a better rationale than what has been given as to why we're moving an entire section to a set of regulations that hasn't even been written.

**Mr Klopp:** I premise this as carefully as I can, because I think when the learned gentleman mentioned that this is relative to the legislative process, he by no means felt we're trying to overthrow government, whoever is the minister or whatever. I don't think that's the intent at all, and it still takes a long time to change a regulation.

**Mr Tilson:** Read the Ontario Gazette.

**Mr Klopp:** The two years that I've been here, I haven't seen ministers overnight make a decision and then the opposition or even members—the lobby groups that are out there, and God bless them all, I guess—don't allow anything to just slip through in the night. Heaven forbid any government that tries that, and I think every government has to a certain extent—maybe. I don't know.

The discussion that was given on why this particular part is moved into regulation I think is a fair understanding and what the public understands, what the industry understands.

**Mr Tilson:** Why not put the whole act in the regulations? Put the whole thing in there.

**Mr Klopp:** You have to keep the honest honest, Mr Tilson. I'm a firm believer in that too. But there's also some common sense and I think this is a commonsense move, the way it was explained to me.

By no means in the middle of the night is a bureaucrat, if we want to use that harsh term, going to sneak something through a minister. At the very least, it will be discussed in the House. I've seen so many things discussed in the House that for any member of Parliament to say, "It'll get in and I won't have time to debate it in the House"—we have lots of points of privilege on many, many issues, and indeed the industry would very much pounce on anybody who would do something frivolous or whatever.

This particular portion of this bill to be allowed to move into regulations, the fact that you've even raised those concerns, it's now in Hansard, so it cannot ever be muzzled. I'm sure maybe somewhere down the road, I may pull it out 20 years from now if I'm in opposition, and if some minister from maybe even your party comes in and tries to sneak something through, I'll bring out the learned Mr David Tilson's remarks. I'm sure I will win the day and they will back down.

I think this is a fair movement here and I support this particular regulation being put the way it is.

**Mr Owens:** Very quickly, Mr Tilson suggested that he hasn't understood a lot of what's gone on. I certainly wouldn't want to characterize that as anything other than as he described it, not having the regulation in front of him, but it's quite simple, the reason behind

this section.

As I indicated, and Mr Halpert concurred, in terms of responding to issues within the province and the necessity to change benefits, to offer improvements, for instance, to reflect new realities within the insurance industry, it's necessary to be able to move, and I offer the phrase "relatively more quickly," than it would take to move amendments through the House. So I think we've presented a very cogent and complete answer on this subject.

**Mr Tilson:** I don't mean to be taking shots at Mr Halpert. In fact I hope to retain him to undo what you people have been doing. However, I look at the issues specifically in section 234. You could almost pick a section at random, because it's a very lengthy section. Subsection 8, is it—I may be referring to the wrong number—where we're talking about time limits? We've spent a considerable period of time on other sections in this bill, changing the subject of time limits.

1700

What this amendment is doing is that the topic of time limits could be literally changed without any debate among legislators. The governing party could in its wisdom decide that the time limit in this specific section is too long and therefore could shorten it substantially, which would be at great prejudice to all involved.

I question what the parliamentary assistant is saying, when we've spent a considerable period of time on the subject—Mr Elston raised a question and you agreed to change that, and it is quite contradictory when you now say—well, take this subsection I'm referring to:

"8. The notice required by statutory conditions 6 and 7 shall be given to the insurer within seven days of the incident but if the insured is unable because of incapacity to give the notice within seven days of the incident, the insured shall comply as soon as possible thereafter."

The governing party of the day may say: "That's too long. That's too loose. We'll change that." That's why you have it in the legislation, so that all concerned will know specifically what the law is, and with moving sections such as this, we have no idea as to what the law is.

**Mr Harnick:** I have a point of order. I have learned from my House leader's office, and I have moments ago confirmed this with the minister in charge of this bill, who also happens to be the government House leader, that by 5 o'clock this afternoon, a motion is being filed or has been filed with the Clerk—

**Mr Wiseman:** It's not a point of order.

**The Chair:** A point of order, Mr Wiseman?

**Mr Wiseman:** It's not a point of order.

**The Chair:** Mr Wiseman, I just wanted to hear what he had to say before I ruled.



**Mr Harnick:** May I continue, before the Stanley Knowles of this place—

**The Chair:** Please, Mr Harnick, just carry on. I'd like to hear your point of order.

**Mr Harnick:** Thank you.

**Mr Wiseman:** Point of order.

**The Chair:** Mr Wiseman?

**Mr Harnick:** You can't have a point of order in the middle of another point of order.

**Interjection:** Yes, you can.

**Mr Harnick:** Stanley Knowles would be the first one to tell you that.

**Mr Wiseman:** I think one of the things that—

**Mr Harnick:** Excuse me. Which point of order is on the floor?

**The Chair:** Mr Harnick, would you please just continue. I'd like to hear what your point of order is.

**Mr Harnick:** Thank you. I have been advised by the government House leader that a motion regarding time allocation of this bill was to be filed by 5 o'clock today. Accordingly, I would move adjournment of the committee for the balance of the day.

**The Chair:** That's not a point of order, Mr Harnick, but if you move adjournment we can certainly put that vote to the—

**Mr Wiseman:** He cannot move adjournment until he has the proper order on the floor, Mr Chair.

**Mr Harnick:** You just acknowledged me.

**Mr Wiseman:** No, he acknowledged your point of order.

**Mr Harnick:** Let's put it this way: Without all of these points of order and rules and all of that stuff, we're wasting our time here because this bill is getting yanked out of this committee. There's a motion for time allocation. The House leader, your own House leader, said that it's going to be heard next week. Why are we wasting our time here? The next time we meet is next Thursday. Well, between now and next Thursday, that motion is going to be heard, because that's what Mr Charlton just told me.

**The Chair:** Thank you, Mr Harnick. Mr Kwinter on a point of order.

**Mr Kwinter:** Mr Chairman, on the same point of order: As we started this afternoon's session, I had privately said to you that I had been informed of the same thing. I was actually waiting and I was looking at the clock at 5 o'clock, and just before Mr Harnick walked in I was about to raise the exact same point of order.

Our caucus administrator was advised this morning that the government was going to introduce time allocation on this particular bill. Mr Harnick came in earlier this afternoon and came up to me and said, "We

just heard that there's going to be time allocation on this bill," and I said yes, we'd heard the same thing. So it's obvious that this is in fact going to happen.

If that is the case, then I would agree with Mr Harnick. We are literally spinning our wheels if the government is going to say, "Don't bother debating this any more; we're yanking it." To go through this whole exercise when we know that it's not going to have any effect because this bill in fact is going to be removed from this committee, I would agree that there should be an adjournment.

**The Chair:** Thank you, Mr Kwinter. Until the point in time that the Chair becomes aware of this information—I'm not, although you've told me that. And this motion hasn't been successful in the House, I might add, under that information.

**Mr Harnick:** Are you voting against it?

**The Chair:** And with that information, I have to say that we must proceed as we have been.

**Mr Wiseman:** Mr Chair, on a point of order: I would like a 10-minute recess, please.

**The Chair:** Ten-minute recess.

The committee recessed at 1705 and resumed at 1719.

**The Chair:** I'd like to call the committee to order.

**Mr Wiseman:** On this point of order, Mr Chair: This motion is irrelevant to the work of this committee in that while it has been filed, it has not been invoked. Therefore, the work of this committee should continue. I think we should start and move as quickly as possible to continue the clause-by-clause of Bill 164.

**Mr Harnick:** Has the Chair seen the motion?

**The Chair:** No, I haven't.

**Mr Harnick:** Maybe you ought to look at the motion.

**The Chair:** In spite of that, Mr Harnick, Mr Wiseman is correct: Even though one can assume that the government will be successful with this motion, the motion has not passed yet, so the Chair is going to continue this committee until 6 o'clock, and that means that we are presently on subsection 12(5) of the bill.

**Mr Tilson:** Just on the motion to adjourn, Mr Chairman: The fact is that I heard Mr Harnick reading the question to some of the people around him. I think it would be worthwhile for members of the committee to hear exactly what Mr Charlton's motion is. The reason I say that is that the little bits I did hear—

**The Chair:** It's not relevant to this, Mr Tilson.

**Mr Tilson:** Mr Charlton has essentially said that he is the House leader and this government is going to take it out of this committee. I think we should hear what the intention of the government is to take it out of this committee.

**The Chair:** Mr Tilson, it's not relevant to what

we're doing right now in this committee. At this time, we are proceeding.

**Mr Tilson:** Mr Chairman, I guess there's some question as to whether adjournment has been formally moved. I would so move, that this committee adjourn, in light of Mr Charlton's action as minister—

**The Chair:** You don't need to explain. It's not debatable, Mr Tilson.

Mr Tilson's moved adjournment. Is it the pleasure of the committee that this—

**Mr Tilson:** Mr Chairman, I'd like 10 minutes to discuss with Mr Harnick the—

**The Chair:** You're asking for a recess?

**Mr Harnick:** Yes, 10 minutes.

**The Chair:** A 10-minute recess.

**Mr Sutherland:** Just on a point of procedure, Mr Chair, before you do that: You had called for the vote on the adjournment motion.

**Mr Harnick:** Now I'm asking for 10 minutes.

**Mr Sutherland:** Okay, right; sorry.

The committee recessed at 1723 and resumed at 1734.

**The Chair:** Order. Mr Tilson has moved adjournment of the committee. I'll put the question to the committee. Shall this motion carry? All those in favour of the motion? All those opposed? The motion does not carry.

We are on subsection 12(5) of Bill 164. Any further debate? If there is no further debate, I shall put the question. All those in favour of subsection 12(5)? Motion carried.

The next section of Bill 164 that we will be dealing with will be subsection 12(8.1) of the bill.

**Mr Tilson:** Mr Chairman, did we skip something?

**The Chair:** Yes, we have.

**Mr Tilson:** Could you fill us in as to what we're skipping and why we're skipping it? My understanding is that subsection 12(6) is the next section that the committee is dealing with.

**The Chair:** Thank you, Mr Tilson. Indeed, we will continue with subsection 12(6). Any comments? Mr Owens, introductory remarks, if you will.

**Mr Owens:** Subsection 12(6) amends the regulation-making powers, specifies circumstances in which insurers cannot decline to insure a person. This is a technical change to an existing provision to ensure that the appropriate authority exists to control underwriting practices.

**The Chair:** Any debate, concerns, comments? Mr Tilson.

**Mr Tilson:** I'd like to know the rationale of why this is being proposed.

**Mr Owens:** It's an amendment to the regulation-

making power that specifies circumstances in which an insurer cannot decline to insure an individual. Again, there is an existing provision and we are merely making a technical change to ensure that the appropriate authority exists to control the underwriting practices; in other words, setting out the reasons why a person shall or could be declined coverage.

**Mr Tilson:** I can read the section, and I have listened very carefully to what the parliamentary assistant has said. I wonder, have there been some factual experiences in the insurance industry that have led the government to put forward this proposed amendment? Also, could he relay those facts?

**Mr Owens:** I'll ask Mr Halpert to respond to that question.

**Mr Halpert:** I'm afraid I don't know, but I can find out.

**Mr Tilson:** Perhaps we should set this down, Mr Chairman, to enable the staff to come back with some rationale as to why this subsection has been put forward.

**Mr Owens:** I don't have a problem with that.

**The Chair:** Okay, we'll stand down subsection 12(6) of the bill. The next section of the bill is subsection 12(7). Mr Owens, any opening comments?

**Mr Owens:** Again, this is related to the small-print provision that we discussed earlier and this repeals a redundant provision related to the repealed small-print section. Mr Halpert quite effectively and exhaustively explained the small-print section in a previous section we passed.

**The Chair:** Any debate, concerns, questions?

**Mr Tilson:** This does seem to considerably simplify paragraph 19 of the bill. I would like some rationale as to why that is being proposed.

**Mr Owens:** The provision is redundant.

**Mr Tilson:** Why is it redundant?

**Mr Owens:** "Redundant" means it's repeated.

1740

**Mr Tilson:** I'm quite aware of what the word 'redundant' means. I would like to know why it is redundant. I'd like details as to why it's redundant.

**Mr Owens:** The section beginning with "payments and exempting any insurer, class of insurers or class of policies from statutory condition 4 set out in section 234" is the redundant section, so that's specifically the language that will be removed.

**Mr Tilson:** It's not redundant. It refers to a class of policies that are set out in condition 4 in section 234. What is redundant?

**Mr Owens:** I'll have Ms Fisher, ministry counsel, respond to that.

**Ms Fisher:** The current regulation-making power



allows regulations which would exempt any insurer, class of insurers or class of policies from statutory condition 4 set out in section 234 of the act; 234 will no longer be in the act but will be in the regulations. So the regulation itself can describe the circumstances of instalment payments.

**Mr Tilson:** We're back to the regulations that haven't been written yet. Okay.

I guess I can only repeat again—and I know this is futile, particularly in the action that's been taken by the House leader—that it is almost silly proceeding because I feel very strongly the fact that every question we ask, we come back to the regulations that haven't been written. All of these issues are going to be clarified and explained in regulations that haven't been written.

**Mr Wiseman:** On a point of order, Mr Chair.

**The Chair:** Mr Wiseman on a point of order.

**Mr Wiseman:** I believe this has been ruled on on more than one occasion. I do not think we need to sit through another repetitive dissertation by the member on regulations. We've heard it many, many, many times before. This committee has been sitting for 30 hours and I would hazard to say that most of it has been listening to this same argument put forward over and over again. I'm pretty familiar with it.

**The Chair:** I wouldn't call that a point of order. I think we're on a new section of the bill and Mr Tilson does have an opportunity to offer some comments.

**Mr Tilson:** A question to anyone: Paragraph 19 now says that obviously some of this matter will be dealt with in regulations. I wonder if you can anticipate what will be in the regulations, as to why yet another section has been taken out of the act and put into the regulations. Perhaps you can help us.

**Mr Owens:** I will refer that question to Ms Fisher.

**Ms Fisher:** The proposed provision under Bill 164 doesn't actually take anything out of the act and put it in the regulations. The current section 234 sets out provisions for instalment payments. So the current regulation-making power under paragraph 19 allows for exemptions from that section of the act or that provision.

**The Chair:** Mr Tilson, do you have anything further to say about this section?

**Mr Tilson:** I guess, with respect, we're talking now about the section as it now reads, for which a number of lines have been taken out, and the reason is that it's going to be referred to the regulations; in other words, the issue of classes of insurers or class of policies from statutory condition 4 as set out in section 234, we have now been told, as I understand it, it's going to be put into the regulations. Is that what's going to happen?

**Ms Fisher:** Section 234 will be put into the regulations.

**Mr Tilson:** The entire section 234, so in other words, what you're doing is whenever section 234 comes up, you delete that because you're going to be putting it in the regulations?

**Ms Fisher:** That's correct.

**Mr Tilson:** I guess I can only repeat what I've already said; that is, that we seem to be delegating more and more and that we, as legislators, now will have less and less control over what is going to go on in the insurance industry in this province, and that, I believe, will be detrimental to all. It will be detrimental to the insurers, it will be detrimental to the insured, it will be detrimental to the innocent accident victims, and I think that we are making a big mistake without more clarification as to the rationale as to why we're taking this major sector out, section 234, which we've already voted on, into the regulations.

I simply submit that. There has been insufficient rationale given by the government representatives to this committee as to why we're doing that.

**The Chair:** Thank you, Mr Tilson. If there's no further debate, I'll put the question. Shall subsection 12(7) of the bill carry? Carried.

That brings us to subsection 12(8.1) of the bill, a government motion.

**Mr Owens:** This is a complementary regulation-making provision to section 20. It allows the Lieutenant Governor in Council to designate classes of insurance contracts for which insurers may offer a deductible for the direct compensation vehicle damage coverage.

**The Chair:** Mr Owens is just explaining subsection 8 at this time and we haven't gotten to subsection 12(8.1). Is that correct?

**Mr Owens:** We just carried (7) earlier; now moving to (8).

**The Chair:** If at this point in time you're not moving the motion, then we are on subsection 12(8) of the bill.

**Mr Owens:** Sorry, Chair. We were speeding along and I'm surprised at the amount of progress we were able to make so quickly. I'll move the amendment to subsection 12(8.1).

**Mr Tilson:** I'm sorry; I didn't hear what Mr Owens said.

**Mr Owens:** Actually, I was complimenting you, Mr Tilson—

**Mr Tilson:** I'm trying to be cooperative.

**Mr Owens:** —on the amount of progress that we made, and in my enthusiasm for the new oxygen in the room, I skipped an amendment.

I move that section 12 of the Bill be amended by adding the following subsection after subsection 12(8):

“(8.1) Subsection 12(1) of the act is further amended by adding the following paragraphs:

"25.1 governing agreements to settle claims and disputes in respect of statutory accident benefits under part VI;

"25.2 governing the assignment of statutory accident—"

1750

**Mr Tilson:** Mr Chairman, on a point of order: I thought we were on subsection (8).

**The Chair:** We are on subsection 12(8.1).

**Mr Tilson:** Oh, I'm sorry. I didn't realize you're not going to do (8). You're going to move into (8.1)? Is that what you're going to do?

**The Chair:** That appears to be what we're doing.

**Mr Tilson:** So (8) has been replaced by (8.1).

**The Chair:** No, we're adding.

**Mr Tilson:** Okay. So we're skipping (8) and moving into (8.1).

**The Chair:** Would you like to debate subsection (8), Mr Tilson?

**Mr Tilson:** Well, I just say you haven't called it and we haven't debated it, it hasn't been explained to us and we haven't voted on it. I'm just saying that—

**The Chair:** If you would like us to do that, Mr Tilson, we'd be very delighted.

**Mr Tilson:** Mr Chairman, I'm trying to proceed with this with as much order as we possibly can here and I just noticed that we've jumped from subsection (8) to subsection (8.1).

**The Chair:** Then let me apologize to you, Mr Tilson, and the rest of the members of the committee. That's probably the fault of the Chair.

**Mr Tilson:** No, you're doing an excellent job.

**The Chair:** I thought that subsection 12(8) had been replaced by subsection 12(8.1), and if that's not correct, then we will go back to 12(8) and we will continue with that. My apologies.

**Mr Tilson:** So what are we doing, Mr Chairman?

**The Chair:** We're going to do subsection 12(8) of the bill.

**Mr Tilson:** Okay.

**Mr Owens:** Thank you, Chair. That's where I thought I was.

**The Chair:** You were correct, Mr Owens.

**Mr Owens:** The explanation I gave before the confusion was right and still holds. I'll ask Mr Halpert to provide for the clarification for Mr Tilson if he so wishes.

**Mr Tilson:** I so wish.

**Mr Halpert:** This is to allow for deductibles for such classes of contracts, for example, that taxis would want to have. In many cases the cost of insurance for taxis is extremely high, and in order to keep their rates down

they include a significant deductible that would not be appropriate, for example, for most private passenger vehicles.

**Mr Tilson:** A question to Mr Owens, Mr Chairman: Presumably I understand why you've given that as an example, and presumably there are some other examples which you'll hopefully share with us. Have you consulted with the insurance industry on this particular section and what is its response?

**Mr Owens:** I'll ask ministry staff to respond to that.

**Mr Halpert:** I don't know.

**Mr Owens:** We will stand the amendment down until we can provide clarification on the consultation.

**The Chair:** Subsection 12(8) is stood down. That brings us to government motion subsection 12(8.1) of the bill. Mr Owens.

**Mr Owens:** All right.

"I move that section 12 of the bill be amended by adding the following subsection after subsection 12(8):

"(8.1) Subsection 12(1) of the act is further amended by adding the following paragraphs:

"25.1 governing agreements to settle claims and disputes in respect of statutory accident benefits under part VI;

"25.2 governing the assignment of statutory accident benefits under part VI, including the application of sections 279 to 287 to persons to whom the benefits are assigned."

**The Chair:** Thank you, Mr Owens. Are there any questions or comments?

**Mr Tilson:** Yes, I would like further details as to why this amendment has been added to Bill 164.

**Mr Owens:** The motion introduces two new regulation-making powers that will provide for rules in governing the settlement of claims and assignment of benefits. The regulations are designed to ensure that claimants are protected against undue pressure from insurers or service providers from claiming benefits. The regulations governing settlements will protect claimants from giving up the right to claim future benefits in exchange for a quick settlement with insurers. Again, the regulations governing assignment of benefits will protect claimants from assigning an unfair amount of their benefit to service providers as a condition of getting access to those services.

We're looking at a section of this legislation which is consistent with the spirit and the fact that it's our intent to protect consumers to the best and greatest extent possible. Unfortunately, my colleague from London South isn't here. He could talk about some of the experiences he's had with respect to claimants signing their benefits and—

**Mr Tilson:** Here he is.

**Mr Owens:** Mr Winninger is going to describe his



experience with the assignment of benefits and why subsection 12(8.1) is required to—

**Mr Tilson:** This is the Winner amendment. We'd like to hear more.

**Mr Owens:** —protect claimants over the long term to ensure that they get the maximum benefit possible as well as protecting consumers from having to assign portions of their benefits to access services of service providers.

**Mr Tilson:** I think Mr Owens is quite right. If Mr Winner has some experiences to share with the committee, I think we'd all like to hear what those experiences are.

**Mr Winner:** Unfortunately, as Mr Tilson well knows, there's a certain privilege that attaches to solicitor-client retainers. While I'd be quite happy to write to all my former clients before I was elected and seek their written authorization to disclose the details of their cases to you, Mr Tilson, that would take some time. In the meantime perhaps we could proceed to complete a few more clauses before our time expires today.

**Mr Tilson:** I would like to proceed with this section. Obviously some facts have been drawn to the attention of the government to lead it to make this proposed amendment. Mr Owens has talked about problems of consumers with respect to governing agreements. I think it would be useful for the committee to hear what some of those problems are so that we can better understand this subsection.

**Mr Owens:** I'll turn the question over to Ms Fisher from ministry staff.

**Ms Fisher:** In speaking with the mediators at the Ontario Insurance Commission, we've heard that there are instances of claimants being offered cash settlements soon after the accident, taking the settlements and realizing that these were not beneficial to them. That covers off the agreements to settle claims.

For the assignments, we understand that there are rehab facilities that are in fact asking insurers to sign the cheques to them, taking a percentage and then cutting the rest of the cheque to the insured person. There should be some control over this to protect claimants.

**Mr Tilson:** Mr Chairman, through you to anyone, can you anticipate what some of the anticipated regulations would be to offer protection that would be needed to the consumer from those situations?

**Mr Owens:** I don't think it's appropriate to crystal-ball or to hypothesize on—

**Mr Tilson:** You can generalize, Mr Owens, as you have been wont to do.

**Mr Owens:** I think that I was quite clear in terms of the intent of this section, which is the issue under

discussion, which is to provide consumer protection. You can be assured that regulations, while not in order to discuss at this point, will certainly keep that intent and spirit in mind.

**Mr Tilson:** There's no question that I think one thing that we're all concerned with is the avoidance of litigation either through the courts or through the Ontario Insurance Commission. If consumers have the proper protection and understand their rights, and agreements can be worked out between adjusters and the innocent accident victims, I'm certain we would all laud that, because of the great costs that would save.

At the same time, I think we're entitled to know what anticipated regulations are being contemplated so that that negotiation process won't be hampered between the innocent accident victim and the insurer.

Again, for the government to introduce an amendment such as this, they must have some thoughts as to how the consumer will be protected, unless they're simply saying, "No, such agreements will not be allowed." Surely there are some situations where agreements can be allowed.

I'm only trying to speculate. I assume that one of the ways, I can just say, is that perhaps the advocates that Professor Arthurs is going to create would be able to properly advise the innocent accident victim so that they would know their rights before they enter into agreements for the purposes of settling claims. That's one of the big fears, and we've all seen that. We've all watched people who have been confronted—for whatever reason, they need the money, so they'll settle anything and then they realize what a bad deal they have. I understand that, but surely when a government is going to introduce an amendment such as this without hampering the negotiation process, they must have some system in mind, and not just blindly propose amendments. A question to either Mr Owens or the ministry staff.

**Mr Owens:** Not wanting to participate in an out-of-order debate but to perhaps assist Mr Tilson in his understanding, one of the issues we perhaps might consider is that a cooling-off period may be put into place. In terms of Mr Tilson's concern about, again, consumer protection issues, I take him at his word that he's serious about this and that—

**Mr Tilson:** On a point of order, Mr Chairman: The Speaker doesn't appear to be in the chair.

**The Chair:** That's because the House is adjourned, Mr Tilson.

**Mr Tilson:** And it would appear, Mr Chairman, that this process has come to an end.

**The Chair:** That's not a point of order, Mr Tilson, and Mr Owens was actually just completing some comments, if you would.

**Mr Tilson:** Oh, wonderful, Mr Chairman, I'd love

to continue with this.

**Mr Owens:** I was simply going to invite Mr Tilson to continue to participate as eagerly as his colleague Mr Harnick has in this legislative process and to meet with the minister and to express his concerns to Mr Charlton.

**Mr Tilson:** Just in response to that, I believe that this committee has been asked to study clause-by-clause the question. I would like to have some proper response to that other than the suggestion of the parliamentary assistant that I go to the minister's office and ask him those questions. I'm asking the parliamentary assistant. That's why he's being paid \$10,000 more than the rest of us, to come in here and answer these questions.

**Mr Owens:** On a point of order, Chair: Notwithstanding the fact that the House has now adjourned and that we are past 6 of the clock, I did respond to Mr Tilson's question. He asked for an idea as to what we might be considering. I suggested that we might be considering a cooling-off period, yet he chooses to ignore that fact.

**The Chair:** That's not a point of order. Thank you, Mr Owens. The standing committee on finance and economic affairs is adjourned until next Thursday, June 17, at 10 am.

The committee adjourned at 1803.



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Prince Edward-Lennox-Hastings-Sud ND)

\***Vice-Chair / Vice-Président:** Wiseman, Jim (Durham West/-Ouest ND)

Caplan, Elinor (Oriole L)

Carr, Gary (Oakville South/-Sud PC)

Cousens, W. Donald (Markham PC)

Lessard, Wayne (Windsor-Walkerville ND)

Jamison, Norm (Norfolk ND)

\*Kwinter, Monte (Wilson Heights L)

\*Mathysen, Irene (Middlesex ND)

\*North, Peter (Elgin ND)

\*Phillips, Gerry (Scarborough-Agincourt L)

\*Sutherland, Kimble (Oxford ND)

*\*In attendance / présents*

#### **Substitutions present / Membres remplaçants présents:**

Klopp, Paul (Huron ND) for Mr Wiseman and Mr North

Harnick, Charles (Willowdale PC) for Mr Cousens

Owens, Stephen (Scarborough Centre ND) for Mr Jamison

Tilson, David (Dufferin-Peel PC) for Mr Carr

Winninger, David (London South/-Sud ND) for Mr Lessard

#### **Also taking part / Autres participants et participantes:**

Fisher, Julia, legal counsel, Automobile Insurance Review

Halpert, Art, senior policy analyst, Ontario Insurance Commission, Ministry of Finance

Owens, Stephen, parliamentary assistant to Minister of Finance

**Clerk / Greffière:** Grannum, Tonia

**Staff / Personnel:** Beecroft, Doug, legislative counsel



## Legislative Assembly of Ontario

Third Session, 35th Parliament

## Assemblée législative de l'Ontario

Troisième session, 35<sup>e</sup> législature

# Official Report of Debates (Hansard)

Thursday 17 June 1993

# Journal des débats (Hansard)

Jeudi 17 juin 1993

**Standing committee on  
finance and economic affairs**

**Comité permanent des finances  
et des affaires économiques**

**Insurance Statute Law  
Amendment Act, 1993**

**Loi de 1993 modifiant les Lois  
concernant les assurances**

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## STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Thursday 17 June 1993

The committee met at 1009 in committee room 1.

INSURANCE STATUTE LAW  
AMENDMENT ACT

LOI DE 1993 MODIFIANT LES LOIS  
CONCERNANT LES ASSURANCES

Consideration of Bill 164, An Act to amend the Insurance Act and certain other Acts in respect of Automobile Insurance and other Insurance Matters / Loi modifiant la Loi sur les assurances et certaines autres lois en ce qui concerne l'assurance-automobile et d'autres questions d'assurance.

**The Chair (Mr Paul Johnson):** Order. I call the standing committee on finance and economic affairs to order. The first thing I would like to do today as Chair of the committee is read into the record a motion moved by Mr Charlton on June 8. It was passed on June 8 in the legislative chamber. Indeed, before I say that, I would like to say that this motion will guide the committee through the business at hand today. I'll read the whole motion. It is as follows:

Mr Charlton moved:

"That pursuant to standing order 46 and notwithstanding any other standing order or special order of the House in relation to Bill 164, An Act to amend the Insurance Act and certain other Acts in respect of Automobile Insurance and other Insurance Matters, the standing committee on finance and economic affairs shall complete clause-by-clause consideration of the bill on the first regularly scheduled meeting of the committee following passage of this motion. All proposed amendments must be filed with the clerk of the committee prior to 12 noon on the abovenoted day. At 5 pm on that same day, those amendments which have not yet been moved shall be deemed to have been moved and the Chair of the committee shall interrupt the proceedings and shall, without further amendment or debate, put every question necessary to dispose of all remaining sections of the bill and any amendments thereto. Any divisions required shall be deferred until all remaining questions have been put and taken in succession with one 20-minute waiting period allowed pursuant to standing order 128(a). That the committee be authorized to continue to meet beyond its normal adjournment if necessary until consideration of clause-by-clause has been completed. The committee shall report the bill to the House on the first available day following completion of clause-by-clause consideration that reports from committees may be received. In the event that the committee fails to report the said bill on the date provided, the bill shall be deemed to be reported to and received by the House."

I read this into the Hansard so that all the members of the committee know exactly how the proceedings of this committee will be for today and so that all the members understand exactly how the meeting will be today.

**Mr Stephen Owens (Scarborough Centre):** I have two items that I would like to bring to the attention of the committee.

The first item is one that I regard as good news.

As I've indicated throughout the committee process, there has been ongoing consultation with members of the opposition, with the industry, with practitioners in the private bar, with consumers, with victims and we have come to an agreement with respect to the issue of the deductible. Currently, legislative counsel is feverishly working on drafting language so that it can be presented to the committee. What I would request is that at approximately 10:30 we would recess for 45 minutes so that we can allow leg counsel to complete the other drafting. Hopefully, within that period we'll be able to come back with a good compromise amendment, if that's not a problem for committee members.

**The Chair:** I believe that's not a problem and that we have an agreement with all parties with regard to that.

**Mr Owens:** The second issue that I would like to raise with the committee is that I would like to request unanimous consent to have the following amendments, which may be considered as being out of order, considered, and that's clauses 12.1, 29.1, 30, 35.1 and 51.

**The Chair:** Do we have unanimous consent with regard to Mr Owens's motion?

**Mr Charles Harnick (Willowdale):** Can I hear what his motion is?

**The Chair:** You certainly can.

**Mr Owens:** I asked for unanimous consent that the following amendments, which may be considered out of order, be considered and I've listed 12.1, 29.1, 30, 35.1 and 51.

**The Chair:** We have unanimous consent. They will be considered.

We will proceed with the business at hand. I would like all the committee members to know that on their desks today are updated packages with regard to how we will proceed and all the sections of the bill I think are before them.

We are now on subsection 12(8.1) of the bill. Apparently we had an amendment read into the record last time.



**Mr Owens:** That's right, Chair. I had moved an amendment respecting 12(8.1) and when we last left the committee we were discussing this clause as to its benefit to consumers with respect to the protection of benefits over the long term. What we understand to have been somewhat problematic is that people who are in a fairly serious requirement for money will assign their benefits, and we are simply looking at a process that will protect consumers so they will not be able to be pressured into signing over their claims to future benefits. This is something that we heard during the hearings and we have felt that this is a motion that's clearly needed in terms of consumer protection.

**The Chair:** Is there any debate or concerns about this motion? Shall the motion carry? Carried.

**Mr David Tilson (Dufferin-Peel):** On a point of order, Mr Chairman, or perhaps it's a point of clarification: A number of sections were stood down.

**The Chair:** That's correct, Mr Tilson.

**Mr Tilson:** When are we going to deal with those?

**Mr Owens:** Chair, if you don't mind, I think the process that other committees have undertaken is that we move through to the end of the bill and then come back to the sections that have been stood down.

**Mr Tilson:** I understand that. The problem is we've got a time allocation motion, Mr Owens, and after today it's all over. I think to properly understand the bill we should be going through an order, and I believe that we should return to those other sections, much of which depended on information which the staff was to obtain and bring back to the committee. I think it would be more appropriate, Mr Chair, to return to those sections as opposed to going ahead with new sections. That information, presumably within the last week, is now available, and hopefully we'll be in a position to deal with those sections now.

**The Chair:** I understand, Mr Tilson—and I may not be accurate, but I understand—we are going to go through the bill clause by clause and at that point later today those motions that were stood down will be dealt with, and I think that—

**Mr Tilson:** Why can't we deal with them now?

**The Chair:** Because, as I said, as I understand it, we are going to continue through the bill clause by clause until that time.

**Mr Tilson:** Because Mr Owens says that? Why can't you make some decisions?

**The Chair:** If we have unanimous consent to agree with Mr Tilson's request, we can certainly do that, but—

**Mr Tilson:** Well, normally you start at section 1, you move to section 2, to section 3. You don't go ahead with numbers 10 and 11. You start with the beginning of the bill.

**The Chair:** That's correct, Mr Tilson. However, I think you would agree that we haven't gone through this bill particularly expeditiously, and that may be one problem. But on the other hand, I want to say too that we have stood some motions down and we do have some amendments to deal with.

1020

The usual procedure is to go through the bill clause by clause, and we did have an understanding that we would deal with these stood-down motions some time later in the day. If it's an issue that you want to deal with, then certainly if we have unanimous consent, I suspect that we could indeed do that, Mr Tilson. But that's not as I understand the proceedings to happen.

**Mr Tilson:** As I say, I find it strange that we've had a week's lapse, and I presume the staff have the information available. If they undertook to make it available, there's no reason why we can't return to those sections to better understand the rest of the bill. You don't jump all over the place; you go through with some sort of organization. That's been the problem with this whole thing. We've been jumping all over the place.

**The Chair:** We are going through clause by clause. I think that's clear. We have—

**Mr Tilson:** Why can't we start at section 1 and go through the bill?

**The Chair:** If you'd just bear with me, we're going through the bill clause by clause. We have stood down some sections of the bill, some amendments, and at some point in time they will be dealt with. We are going through clause by clause right now, and we want to do this in—

**Mr Tilson:** We've stood down sections 3, 7, 8, 11 and 12. That's a lot of sections. Why can't we go back to section 3?

**The Chair:** Because we are proceeding with the bill now, Mr Tilson, and as we have been proceeding with the bill, those sections have been stood down. At a point later today, we will indeed deal with those sections of the bill.

**Mr Tilson:** I have your undertaking to do that, do I, Mr Chairman?

**The Chair:** Everything will be dealt with before the day is complete, Mr Tilson, or maybe tomorrow.

**Mr Tilson:** Thank you for your assistance.

**The Chair:** We are now on subsection 12(9) of the bill. Any discussion about subsection 12(9) of the bill? Seeing no discussion, shall subsection 12(9) of the bill carry? Carried.

We are on subsection 12(10) of the bill and there is an amendment. Mr Owens.

**Mr Harnick:** What did we just pass?

**Mrs Irene Mathysen (Middlesex):** Subsection 12(9), Charles.

**Mr Harnick:** I'm sorry, Irene, I just can't keep up to you.

**Mrs Mathysen:** There are few who can, Charles, but try to make the effort.

**The Chair:** We are now on subsection 12(10) of the bill. We have an amendment, a government motion.

**Mr Owens:** Chair, if we could just take a five-minute recess, we have discovered that there may in fact be a numbering problem with respect to the next section of the bill.

**Mr Tilson:** That's a new one. Why not? They got their numbers mixed up. They want an adjournment.

**The Chair:** Before we have this five-minute recess—no, we'll take a five-minute recess in the interests of—

**Mr Harnick:** What section are we up to now?

**The Chair:** We're up to subsection 12(10).

**Mr Harnick:** We're at 12(10) now. Is that an amendment?

**The Chair:** Yes, 12(10) is an amendment.

**Mr Harnick:** What page is that on our little amendment pages?

**Mr Tilson:** I'll bet you guys are so glad you're rushing this through.

**Mrs Mathysen:** Page 8B, Charles.

**Mr Tilson:** Can't even get your numbers straight.

**The Chair:** In the package before you, Mr Harnick, it's numbered 8B. It's subsection 12(10).

**Mr Harnick:** Got it.

*The committee recessed from 1024 to 1032.*

**The Chair:** I'm calling the committee to order.

**Mr Monte Kwinter (Wilson Heights):** Mr Chairman, on a point of order: Earlier this morning the parliamentary assistant asked for unanimous consent that we recess at 10:30. We have just taken a recess that's taken us to 10:30, and I don't understand why we have recessed so that we can just then recess.

**The Chair:** If I can just say this, Mr Owens did ask for a recess for five minutes because there was something he needed to clarify, and unfortunately the committee members all bailed out of the room, so we were a little delayed in getting back as quickly as I would have liked, and that's unfortunate. However, we did have unanimous consent to recess at 10:30, and I understand that it's beyond that now.

**Mr Owens:** I think that in terms of the preparatory work that's going on with leg counsel work, I'm not quite ready to recess yet. What I would like to do, with the consent of the committee, is to continue where we left off. I understand that we want to accommodate Mr Kwinter in terms of his speaking requirements in the Legislature, so we're trying to balance two competing needs here. So if we could just continue, if that's all

right with Mr Kwinter. It's not our intention to delay unnecessarily. We would like to get the good work done.

**The Chair:** Thank you. We are at subsection 12(10), paragraph 28.1. Is there any discussion or concerns with regard to that?

**Mr Owens:** Just by way of explanation, I'll ask Mr Halpert from the Ontario Insurance Commission.

**Mr Art Halpert:** The purpose of this section is to allow the commission to not require the sellers of certain types of insurance to need licensing. The specific type of insurance that we're looking at is automobile breakdown insurance, which is customarily sold by motor vehicle dealers.

**The Chair:** Thank you, Mr Halpert. Any discussion?

**Mr Tilson:** Why are we doing that?

**The Chair:** Why are we having discussion?

**Mr Tilson:** Why are we making the amendment?

**Mr Halpert:** Well, if you require, for example, an employee of an automobile dealership who wants to sell automobile breakdown insurance, which is of course something beneficial to his clients, to be licensed, then he has to take courses in general insurance, property and casualty insurance, automobile insurance and various other types in order to be licensed, and has to go through all the procedures, when in fact he's actually selling a very narrow type of insurance that doesn't require all this additional expertise that, let's say, a normal insurance broker or agent would require.

**Mr Tilson:** I must confess I'm not clear on that. One gets concerned when you start saying that. It may be fine. One gets concerned about whether or not the consumer is going to be properly protected if people who should be licensed are not, if that creates a problem with the consumer. You obviously are satisfied that the consumer will be protected.

**Mr Halpert:** That's our responsibility.

**Mr Tilson:** Maybe you can assure me that when you don't license someone the consumer will be protected. In other words, should people be selling this type of insurance who may not have the knowledge to sell that type of insurance?

**Mr Halpert:** This specific type of insurance deals largely with the specifics of what goes on in a car—the engine—what is covered, what isn't covered. They need a lot of expertise essentially in how a car runs. This is the type of detail that is covered by these third-party automobile breakdown insurance policies.

**Mr Kwinter:** I'd just like to comment on that provision. I understand what it is and I just think that as long as it is spelled out clearly in the regulations, what in fact is happening is that some of this insurance is not unlike a warranty in that if you get involved in offering extended warranty packages you're in fact offering



insurance, depending on what the provisions of those warranty packages are.

I think it would be unreasonable to expect that anybody who offers a warranty should in fact be licensed and have to take the regular training as someone who sells a whole range of insurance. Just as long as it is not used as a way to get people to circumvent the requirement of licensing so that people who are selling independently are not tied to the fact that they are involved in the motor vehicle section, offering a warranty or an extended warranty, as long as that is clear, I have no problem with the provisions.

**The Chair:** Any further discussion? Shall section 12(10), paragraph 28.1, carry? Carried.

We move now to subsection 12(10) of the bill, paragraph 28.2.

**Mr Owens:** I move that subsection 12(10) of the bill be amended by adding the following paragraph to subsection 121(1) of the Insurance Act:

"28.2 governing the sale and marketing of prescribed classes of insurance to members of a group, including prescribing and regulating qualifications for membership in groups."

**The Chair:** Any discussion? No discussion. Explanation?

**Ms Julia Fisher:** Sure. This is a companion amendment to paragraph 35.1, which removes the prohibition against offering special rates for automobile insurance to groups. This will allow us to then govern who's in the group and how the special group rates would work.

**The Chair:** Further discussion? Seeing none, shall the section carry? Carried.

**Clerk of the Committee (Ms Tonia Grannum):** Shall the amendment carry?

**The Chair:** Oh, I'm sorry. I've been corrected by the clerk. I should be saying, "Shall the amendment carry?" Carried.

We now come to subsection 12(10.1).

**Mr Owens:** I move that section 12 of the bill be amended by adding the following subsection after subsection 12(10):

"(10.1) Subsection 121(1) of the act is further amended by adding the following paragraph:

"33.1 governing the collection, use and disclosure of personal information by insurers or a class of insurers and, for that purpose, defining personal information."

This will authorize a regulation that will govern the use and disclosure of personal information collected by insurers in terms of how that information is used, for instance, in the claims settlement process. It's an issue with respect to the protection of privacy of the insured.

1040

**Mr Harnick:** Will this in any way govern what an insurer is entitled to obtain by way of information in

order to write a policy?

**Ms Fisher:** It's not likely to govern that. There are certain things now that the insurer cannot take into account, for instance, if you've got a sickness policy or a benefit policy apart from the automobile insurance, but no, it's not intended to do that.

**Mr Harnick:** It strictly governs the collection, use and disclosure of already determined categories of what they can ask for.

**Ms Fisher:** Of already determined categories of—

**Mr Harnick:** Of what an insurer's permitted to ask for.

**Ms Fisher:** And how an insurer is permitted to use information that it would have on somebody's health, for instance, where it's permitted to disseminate that and how.

**Mr Harnick:** Am I correct in saying, though, that this does not expand in any way what insurers are entitled to ask for on an application—

**Ms Fisher:** That's correct, yes.

**The Chair:** Thank you. Any further discussion? Shall the amendment carry? Carried.

Shall subsection 12(10), as amended, carry? Carried.

That brings us to subsection 12(11) of the bill, government motion, Mr Owens.

**Mr Owens:** Sorry, Chair, I move that—

**The Chair:** I've made a mistake again. I'd like to bring to the committee members' attention that we are actually on subsection 12(11), paragraphs 35, 36 and 36.1. Are there any discussions on this section of the bill?

**Mr Tilson:** Could you repeat that, please.

**The Chair:** Yes. We're on subsection 12(11), paragraphs 35, 36 and 36.1.

**Mr Harnick:** Are we not on this page here that says "Page 10, government motion"?

**The Chair:** That's next, Mr Harnick. I have a road map here, and it's a good road map, but I've gone on some trails here on a couple of occasions.

**Mr Tilson:** We've asked this each week, as to the status of the regulations, as to how they're coming. Perhaps the parliamentary assistant could tell us now when the regulations will be available, because all of these sections that we're passing deal with the regulations, which as of a week ago at least, didn't sound like they were even commenced.

**Mr Owens:** In answer to Mr Tilson's question, I'm not going to commit to a definitive time frame as to when the final draft of the regulations will be ready.

As I stated and restated ad infinitum with respect to the kinds of consultations that are ongoing around the regulation, it will be ready when, in our view, for the issues with respect to clarification and ensuring that we

have the best reg possible and in terms of meeting that test, that will determine the release date. In terms of the actual when, I'm not going to commit to a release date, and in terms of the item under discussion here, we are certainly, again, not talking about the regulations per se.

**Mr Tilson:** Subsections—I may be saying this wrong—36 and 36.1 talk about the risk classification system. I have made submissions to this committee, as have a number of other delegations, on the new proposed risk classification system. I wonder if you've had an opportunity, Mr Owens, to consider those representations that were made by myself, Mr Harnick and others as to the inequities of your proposed new risk classification system.

**Mr Owens:** I think the member asks a reasonable question. To provide the most reasonable answer, I can say that first of all, I'm not involved directly in the regulation-making process. We have ministry staff here who are involved in the regulation-making process.

In terms of listening to members like yourself, Mr Tilson, and Mr Harnick, as well as the kinds of representations that we've heard through the public hearings process from consumers and from the insurance industry, you can be assured that we have listened to all submissions. In terms of the final product, I'm sure that you, like myself, will be pleased.

**Mr Tilson:** I will be pleased?

**Mr Owens:** Absolutely.

**Mr Tilson:** I guess the problem is that I'm not pleased. I know the regulations haven't been written. I'm dealing specifically with the philosophy of a system that the industry indicated that it could solve itself and was indeed solving itself. The fears of instant increases of premiums to women and seniors are of grave concern.

Surely we in the opposition, the members of this committee, all members of this committee, including the government members of this committee, are entitled to hear what your philosophy is, having heard the very well-thought-out representations, particularly of the insurance industry and other delegations, to this committee, simply saying that the process is inequitable, that not only are rates going to go up because of the cost of a very expensive benefit package; rates are also going to go up now because of the Treasurer's budget.

Rates are going to go up by the budget, we know, because of a 5% tax on premiums. On top of all those increases, the rates of young women and seniors, specifically, are going to go up because of the new classification system, as has been explained to us.

I know other members of the committee are concerned about the increase in rates, because that's how this whole process got started. That's why the Liberals got into this whole mess in the first place, because of rates. We feared rates going up, so we got into OMPP.

Your party, of all parties, was one of the stronger opponents of this whole philosophy. Now we have a minister who has stated over and over that rates will not go up. Now he's saying they're going to go up a little bit. They're going to go up maybe 4.5%. Then of course we have a Treasurer who says that on top of that, they're going to go up another 5%, notwithstanding the insurance companies saying they're going to go up 20% to 30%.

Now we have a new risk classification system that's going to be guaranteeing rates go up for certain individuals—I list two to come to mind, namely, women and seniors—to the benefit of younger males, where statistics show that the large percentage of motor vehicle accidents involve them.

I believe this committee is entitled to know, at the very least philosophically, where the government intends to go with respect to the preparation of regulations. I understand that the first set of regulations has been thrown out because no one could understand them, and now you're going to be preparing a new set of regulations. But on this topic which I've given you notice of—I was ruled out of order, in fact, by the Chair of this committee when I started dealing with this subject in section 1, the definition section, and now we're dealing with the risk classification system again which guarantees the increase of rates, and I think that this committee is entitled to spend some time and must spend some time on the justification of all of that.

**Mr Owens:** I'd be pleased to respond, and although I'm at risk of being ruled out of order by the Chair because we're certainly not dealing with the regulation, I'm pleased to remind the member for Dufferin-Peel, Mr Tilson, that the risk classification system, the philosophical commitment, is that unsafe drivers should pay more than safe drivers.

I know that the member for Dufferin-Peel has a problem with that, but in terms of how we view the insurance-paying public, those who speed, those who drive while impaired, those who drive their cars carelessly should pay more than those who—I'm sure the member for Dufferin-Peel is a careful driver. I'm sure he doesn't drive after a long day in the House, and a relaxing half-hour in his office, that he is a careful driver. In terms of those who are not as careful as the member for Dufferin-Peel, it's our intent to have them pay more in terms of setting up the road safety agency, in terms of introducing legislation with respect to graduated licensing. We have taken the concerns expressed by Mr Tilson and by members of this government as well into consideration.

In terms of your assertion with respect to rate increases, may I remind you one more time that the Mercer report talked about a 4.5% increased cost to the system. How the insurance companies choose to deal with that proposed cost—and it's certainly not definitive



at that point, as you're well aware; you've been sitting on this committee for long enough—in terms of insurance companies having to come to the insurance commission and justify rate increases, that is a process that will have to be undergone.

I'm pleased to discuss the philosophy that it's our view that a bad driver should pay more. I think that the representatives of the industry sitting here today would certainly agree that in terms of covering their liabilities, bad drivers should pay more.

I think that in terms of the risk classification system, that is currently under discussion in section 36(1) of this bill, but it clearly meets those qualifications.

**The Chair:** We have an agreement to recess for 45 minutes, and I understand that the necessary arrangements have been made to proceed with that. I would just remind all members of the committee that if you have any amendments which you would like to file before this committee for this bill, they must be done before 12 noon.

We are now recessed for 45 minutes. We'll meet back here at 11:40.

*The committee recessed from 1054 to 1144.*

**The Chair:** I bring the committee to order. We are continuing with, of course, clause-by-clause, Bill 164. We were previously, before our recess, discussing subsection 12(11), paragraphs 35, 36 and 36.1. At that point in time, I believe we had come to a conclusion with regard to discussion on that section of the bill. Is there any further discussion?

**Mr Tilson:** Since we will be rising at 12 o'clock, I have a point of order to raise.

**The Chair:** Mr Tilson, on your point of order?

**Mr Tilson:** The reason for this adjournment has been that the members of the committee have had an opportunity to review a new proposed amendment dealing with threshold tests and other matters that the government has now introduced. It's quite an extensive amendment. It goes on for some six pages. I, quite frankly, in the 45 minutes that the committee adjourned for, have now read that section once. I have not had an opportunity to discuss it with anyone. I have my own thoughts on it. In fact, I'm hastily asking for clarification by some of the staff and others as to meanings of things.

I am concerned at the time allocation motion that was passed by this House, that it simply says that once today has gone by, it's all over and then we're into third reading and that's that. This is a very serious amendment, and I would like more time to—if you could just let me finish, because I am getting to my request to this committee—debate and discuss a very, very substantial amendment to this bill. I would like an opportunity to review it with the insurance industry, with the medical industry, with the legal industry and others who have

spent a considerable amount of time reviewing and providing suggestions to this committee.

I'm not sure on the procedure. I would assume that notwithstanding that there has been a time allocation passed, it would seem to me, of course, the House can do anything it wishes as long as there's unanimous consent, and I would like this committee to consider directing you as Chair to go to the House leaders and ask for unanimous consent so this committee can discuss at the very least this section, this very substantial amendment.

**The Chair:** Thank you, Mr Tilson. I've heard enough to inform you that you're not in order.

**Mr Tilson:** Then I would so move—

**The Chair:** You've indicated some concerns you have, but at the beginning of the committee today I read to you the motion moved by Mr Charlton, and it is very clear as to how the committee will proceed today. Indeed, if amendments were to be presented before 12 noon today, then they would be considered in order and they would be dealt with in the afternoon sitting, obviously. Again, it says that at 5 o'clock this afternoon we will proceed with the vote on the clause-by-clause.

**Mr Tilson:** I'm quite aware of the time allocation.

**The Chair:** Then clearly you understand that what you've said is out of order—a concern none the less, Mr Tilson, but out of order.

**Mr Tilson:** I'm quite aware of what the motion says. I would hope that—

**The Chair:** Then you would understand that your request is out of order.

**Mr Tilson:** It's not a request at this time. I'm inviting comments from other members of the committee for further time to study a very extensive and detailed amendment that's being put forward literally at the final second. I for one think it would be totally irresponsible of this committee to proceed with this new amendment without extensive discussions—

**The Chair:** I've heard enough, Mr Tilson. You're out of order and we will continue with clause-by-clause of Bill 164.

**Mr Tilson:** I can serve notice, Mr Chairman, that I'm going to be making a motion—

**The Chair:** You're out of order, Mr Tilson.

**Mr Tilson:** Mr Chairman, I beg your pardon. I'm entitled to serve notice—

**The Chair:** Mr Tilson, you're out of order. Your mike has been shut off. You understand the rules under which we're going to operate the committee today.

**Mr Tilson:** I'm entitled to serve notice to this committee, Mr Chair. Are you telling me I'm not entitled to serve notice in this committee that I wish to bring a motion to be debated this afternoon? Are you telling me that?

**The Chair:** No, I'm not telling you that. What I'm saying—

**Mr Tilson:** That's what I'm doing right now: I'm serving notice on you that I intend to bring a motion back to committee—

**The Chair:** Mr Tilson, you're out of order, and if you would like to—

**Mr Tilson:** I'm serving notice on you.

**The Chair:** You cannot raise a motion on a point of order. I wish you'd understand that. If you'd like to—

**Mr Tilson:** You've ruled me out of order, and I'm serving notice on you that I'm bringing a motion.

**The Chair:** If you would like to get my attention, Mr Tilson, so that you may have permission to speak—because we do things in an orderly basis in committees—I would be glad to grant you that.

**Mr Tilson:** Mr Chairman, I am simply serving notice on you that I intend to bring a motion this afternoon to deal with this issue, asking that the committee direct you as Chair to approach the three House leaders, that time be set aside that this committee can properly debate this very important amendment that's being introduced by the parliamentary assistant.

**The Chair:** If you would like to present a motion this afternoon, you're certainly entitled to do that.

1150

**Mr Owens:** Just to clarify the record, we have not yet introduced the said motion that Mr Tilson refers to. I think I'd like to give Mr Tilson some comfort, however, in terms of what I was going to propose for this afternoon, that we request unanimous consent that the amendment be read into the record. I understand that Mr Harnick would like to make some comments on the motion, and I'm sure Mr Phillips or Mr Kwinter would like to say something as well. There are approximately three and a half hours between now and the time that we reconvene this afternoon. This will give you some opportunity to consult with some of the people you have mentioned. I can assure you that this motion, this amendment, is a product of an extensive consultation with both the personal injury bars and the insurance companies and that it's our view that there is some reasonable level of satisfaction with that. So if that's satisfactory to you, Mr Tilson, we have approximately 10 minutes left and we can move into further discussion of this amendment this afternoon when we meet.

**Mr Tilson:** Mr Chairman, I appreciate what the parliamentary assistant is saying, although I can quite tell you, he and I and several others are probably some of the few people on this committee who have gone the entire route of this bill, and literally to arrive—I mean, I'm upset enough as it is, the fact that we are passing a bill for which the regulations haven't even been written. But the other major concern of this bill is this issue of the deductible test or the threshold test, and this appears

to be some sort of combination of that now. Now it's being proposed that we will have three hours to deal with that subject, notwithstanding that we have spent weeks and weeks and weeks in hearings and clause-by-clause and studying and debate in the House on something entirely different.

It may well be that the legal profession and the insurance profession have been consulted and may accept that. I, for one, quite frankly, want to be assured by you and the minister that the innocent accident victim is being protected. It's very fine that the interests of the insurance industry and the legal industry are being protected. I'm concerned about the innocent accident victim.

It may well be that some time will be spent this afternoon that will provide some answers to that, but I can tell you that it gives me grave concern that you are ramming this through in time allocation and are not simply allowing sufficient time to hear, as members of this committee and as members of this Legislature, individually and as a committee, the concerns of all concerned, not just the legal profession and the insurance profession but the medical profession and the long-term care people. There's a whole slew of other people that it sounds like you haven't consulted with. I would hope that you are going to tell me that you have and tell me what they think of this amendment. My guess is you haven't.

**The Chair:** Mr Tilson, just on behalf of the committee I'd like to let you know, and I'm sure you already do know this, I too have been involved from day one with Bill 164—and I wasn't previously the Chair; I am now—and my recollection is different than yours, Mr Tilson. We did consult extensively with many groups, and indeed I know that you were there during those consultations. I think that should be made clear at this time.

We will now proceed with clause-by-clause. We are on paragraphs 12(11)35, 36, and 36.1. At that point in time I believe we had concluded discussion, but I will ask again. Is there any further discussion on those three paragraphs of subsection 12(11)? If not, shall paragraphs 12(11)35, 36 and 36.1 carry? Carried.

That brings us to subsection 12(11), a government motion.

**Mr Owens:** I move that paragraph 36.2 of subsection 12(11) of the Insurance Act, as set out in subsection 12(11) of this bill, be struck out.

**The Chair:** Is there any discussion or comment on this section?

**Mr Tilson:** Are we talking about subsection (11), Mr Chair?

**The Chair:** Yes, Mr Tilson, we are.

**Mr Tilson:** I'd like you to comment on paragraph 36.2.



**The Chair:** That's what we are dealing with.

**Mr Tilson:** I'm aware of that, but I haven't had the parliamentary assistant give us the rationale for that particular subsection.

**The Chair:** Mr Owens, would you be so kind?

**Ms Fisher:** The paragraph is being struck because there was concern that it could be used to fix rates, and that was never the intention of the section.

**Mr Tilson:** Am I on the right one?

**Ms Fisher:** It's 36.2—

**Mr Tilson:** Yes.

**Ms Fisher:** —which is being struck by motion.

**The Chair:** It would be numbered at the top right-hand corner of your page as number 10 in the package that was given to you by the clerk.

**Mr Harnick:** What number are we up to?

**The Chair:** Subsection 12(11).

**Mr Harnick:** Can I make a comment about that?

**The Chair:** Indeed, Mr Harnick.

**Mr Harnick:** This is probably the most interesting question I'm ever going to ask in this committee. I gather that this refers to 36.2. What's an algorithm?

**Mr Tilson:** It's a musical instrument.

**Mr Harnick:** I have an opportunity to learn something here.

**Ms Fisher:** An algorithm is a formula.

**The Chair:** Logarithm? Maybe it's a typo.

**Mr Harnick:** No, it's not a typo. It's an algorithm.

**The Chair:** Oh, it is an algorithm. My mistake.

**Ms Fisher:** It's a mathematical formula.

**Mr Harnick:** Can you enlighten me?

**The Chair:** It's a mathematical term, no doubt.

**Ms Fisher:** I actually have the appendix B to the order of the Ontario Automobile Insurance Board, which sets out algorithms or potential algorithms to be used by insurers.

**Mr Harnick:** It sets out whatever the formulae are.

**Ms Fisher:** That's correct.

**Mr Harnick:** Okay, thank you.

**Mr Tilson:** Does that clarify things for you?

**Mr Harnick:** Now at least I know what an algorithm is.

**Mr Tilson:** I thought it was a musical instrument.

**The Chair:** I thank Mr Harnick for raising that too, because indeed I thought it was a typo. I stand corrected as well. Any further discussion on subsection 12(11)? Shall the amendment carry? Carried.

That brings us to subsection 12(11) of the bill, government motion paragraph 36.3.

**Mr Owens:** I move that paragraph 36.3 of subsec-

tion 12(1) of the Insurance Act, as set out in subsection 12(11) of the bill, be amended by striking out "paragraph 36, 36.1 or 36.2" in the last line and substituting "paragraph 36 or 36.1."

**The Chair:** Any discussion on this section of the bill? Seeing none, shall the amendment carry? Carried.

We are now on subsection 12(12) of the bill, a government motion.

**Mr Owens:** I move that subsection 12(3) of the Insurance Act, as set out in subsection 12(12) of the bill, be struck out.

This is being done as the new withdrawal provisions make this section redundant.

**The Chair:** Any discussion? Seeing none, shall the amendment carry? Carried.

The next section is subsection 12(12) of the bill, a government motion.

**Mr Owens:** I move that subsection 12(5) of the Insurance Act, as set out in subsection 12(12) of the Bill, be struck out and the following substituted—

**Mr Harnick:** Excuse me, it's show time.

**The Chair:** Thank you, Mr Harnick. This committee will recess until approximately 3:30 this afternoon following routine proceedings.

*The committee recessed from 1159 to 1532.*

**The Chair:** I call the committee to order. Just before we turn the floor over to Mr Owens, who had the floor when we recessed last, the clerk would like me to inform you that you now have an up-to-date and complete package of amendments. You'll find that with a yellow piece of paper on top. This has been done in order to facilitate all the members of the committee proceeding with the process for the rest of the afternoon.

**Mr Tilson:** I'm glad these are starting to be dated, because they change so fast.

**Mr Owens:** I move that subsection 12(5) of the Insurance Act, as set out in subsection 12(12) of the bill, be struck out and the following substituted:

"Same

"(5) The regulations made under paragraphs 9 and 10 of subsection (1),

"(a) may establish procedures applicable to benefits;

"(b) may prescribe the burden of proof and standard of proof applicable in court proceedings and arbitration proceedings related to benefits;

"(c) may require that a person be examined or assessed in accordance with the regulations;

"(d) may authorize an accident benefits advisory committee established under section 7 to establish procedures, standards and guidelines that shall be used in conducting examinations or assessments;

"(e) may require that amounts in addition to those

referred to in subsection 268(1.4) be indexed in accordance with a method specified in the regulations, may permit the minister to change the method of indexation in circumstances described in the regulations and may require that information related to the indexation be published in the Ontario Gazette;

“(f) may authorize the payment of a benefit directly to a minor for the purpose of subsection 271(1.4); and

“(g) may provide for the use of forms prescribed by the regulations or approved by the commissioner.”

**The Chair:** Any questions or comments? Mr Owens, you have an explanation.

**Mr Owens:** This amendment provides the authority to draw up the regulations that make up the statutory accident benefits schedule. The motion further clarifies a scope of powers needed to implement the various processes and procedures that are contemplated as part of the accident benefits regime; for example, provision of an independent assessment of an insured's residual earning capacity, the procedure for payment to minors and, of course, the provision for the use of forms.

**The Chair:** Discussion, debate, comments?

**Mr Tilson:** Yes, a question to Mr Owens. You've made it quite clear that the new draft regulations have not been prepared. However, with respect to the procedures applicable to benefits, that is an important process to comprehend. I'm sure you have some set of procedures that are contemplated. I wonder if you could help us and tell us what you do contemplate.

**Mr Owens:** I'll ask the ministry staff to respond to that.

**Ms Fisher:** These might include application provisions: how you go about applying for benefits, assessments for certain kind of benefits, that kind of thing.

**Mr Tilson:** There have obviously been a series of forms and applications. I guess I'm getting back again to the issue of the individuals who have been injured understanding these procedures, assuming that this government will move as fast as it can and this bill will be passed very quickly and the regulations will be introduced.

We're aware that Professor Arthurs will not have his report on the proposed advocacy suggestions until probably the end of the summer. Assuming that, in the interim, before we get someone to advise the innocent accident victim, who will be advising the innocent accident victim on how to proceed through these types of regulations that you're contemplating?

**Mr Owens:** I'll pass the question to Ms Fisher.

**Ms Fisher:** As you know, Harry Arthurs is currently doing a study on advocacy within the accident benefit system. The government is expecting that study at the beginning of September.

**Mr Owens:** I take the member's point with respect

to simplicity and the ability of the innocent accident victim to be able to understand the forms and whatever else may be required of that person. It's clearly our intent and our view now that these kinds of forms and other materials sent to an accident victim be written in plain language format and be as simple as possible to understand.

It's not a secret that a person who has been involved in an automobile accident has certainly been traumatized. It's certainly not our view that we would want to further the trauma by sending incomprehensible forms or confusing forms or methods of collecting payment to victims to further cause them difficulty.

**Mr Tilson:** I simply voice my objection to the process. I know the time allocation ends it today, but it's a process I am concerned with. You say that the forms will be simplified, and I hope they will be; although we've all seen government forms, whether they be provincial or federal, and I can assure you, as you can assure me, that forms are not simple. They're very difficult to understand, whatever language one has. There are new Canadians, there are people who simply aren't educated, there are people who are educated and have difficulty with forms, as well as making decisions as to how to process it.

My guess is that Mr Arthurs may or may not have a report available at the end of the summer. Then of course the government will have to study that report, and who knows where it's going to go after that. I simply voice my concern about the process with respect to the whole intent of this act, that once again the innocent accident victim is going to have the short end of the stick, because this very complicated bill, very anticipated complicated process of benefits will be difficult to understand. We've been put on notice by everyone, whether it be the insurance industry, the medical profession, the legal profession, that the first set of regulations were difficult, and I must say, I don't hold much hope out that the next set of regulations will be any simpler.

I'm simply voicing my concern again that this bill is being rammed through and that the innocent accident victim will look at forms and procedures, that he or she will have no idea what to do in appearing before the insurance commission, or anyone else for that matter, in making their applications for benefits.

1540

**Mr Owens:** I hope I can allay the member's concerns, perhaps not around the time allocation motion, but in terms of the process with respect to this bill. At this point the proclamation date has not been set, and it's our view that it should be coincident upon the delivery of Professor Arthurs's report and the work completed on the accident benefit regulations. I think the member's comments, notwithstanding the comments about time allocation, are well-motivated and well-



meaning, and we certainly want to keep that in mind as we move through the process and ensure that we can deliver the best benefit regulations of legislation to innocent accident victims as we can.

**The Chair:** Further debate? Shall the amendment carry? Carried.

I want to apologize to the members of the committee. I overlooked a section of the bill; that section is subsection 12(4). It's very short; I'll read it. It says:

"(4) The regulations made under paragraphs 9 and 10 of subsection (1) shall comply with subsections 268(1.1) to (1.5)."

**Mr Owens:** This can be explained in 25 words or less. This simply requires the statutory accident benefits schedule to comply with requirements set out throughout the bill.

**The Chair:** Discussion? Shall subsection 12(4) of the bill carry? Carried.

We are now on government motion, section 12(1) of the bill.

**Mr Tilson:** Where are you taking us now, Mr Chair?

**The Chair:** I believe it's page 14 in your package.

**Mr Tilson:** I see we're jumping around a little bit.

**The Chair:** Mr Owens, do you have a comment?

**Mr Owens:** I'd like to move that the bill be amended by adding the following section, after section 12:

"12.1(1) Subsection 220(1) of the act is repealed and the following substituted:

"Minors

"(1) If an insurer admits liability for insurance money payable to a minor, the insurer shall pay the money and any applicable interest, less the applicable costs mentioned in subsection (2), into court to the credit of the minor.

"(2) Section 220 of the act is amended by adding the following subsection:

"Authorized payments

"(4) An insurer may, despite subsection (1), pay insurance money and applicable interest payable to a minor to,

"(a) the guardian of the property of the minor, appointed under section 47 of the Children's Law Reform Act; or

"(b) a person referred to in subsection 51(1) of the Children's Law Reform Act, if the payment does not exceed the amount set out in that subsection."

**The Chair:** Any questions or comments on this government motion? Mr Owens, explanation.

**Mr Owens:** Just by way of quick explanation, this is an amendment that was requested of us by the official guardian in terms of the expeditious payment of insurance moneys to minors.

**The Chair:** Mr Tilson.

**Mr Tilson:** I guess that was my question, Mr Chair: whether the legal people are satisfied that there's no contravention of any legislation that deals with the public trustee or the official guardian. Were you satisfied with that?

**Ms Fisher:** Yes, I am.

**The Chair:** Any further discussion or comments? Shall the amendment carry? Carried.

Shall section 12 of the bill, as—

*Interjections.*

**Mr Tilson:** I'm sorry. I believe there were a number of subsections of section 12 that were stood down from the last committee days.

**The Chair:** Yes, there were. We're going to just go on, Mr Tilson. Mr Owens, I believe you wanted to deal with another section of the bill at this time. Is that right?

**Mr Owens:** What I would like to suggest, in the spirit of the amazing level of cooperation that we've had, is that we continue to move on. I know that Mr Tilson has some concerns with respect to the amendment that we tabled this morning under section 24 so if we can continue to move; or what we can do, I can request unanimous consent of the committee to deal specifically with section 4 and then come back through, starting with section 13.

**Mr Tilson:** To proceed to section 24, is that what you're suggesting now?

**Mr Owens:** I'm asking what the view of the committee might be. I would personally, in terms of orderliness, like to proceed through to 24, but if there's a great level of interest in moving directly to 24, we can certainly do that.

**Mr Tilson:** I don't think it really matters, quite frankly, the way that this process is set up. I certainly have some interest in section 24 as well as the other sections. I'd like to hear more about it, if anything, because we've literally just received it today. The committee has just received it this morning and there's been literally no time, other than the 45 minutes, to discuss it. But perhaps if the staff and others and yourself, Mr Owens, could explain it, that would be useful.

**Mr Owens:** What I'm hearing from the member is that he has some interest in hearing about section 24 but that he also has an interest in the other sections of the bill. So if we could perhaps proceed through, starting with 13 through to 24, then we'll have lots of time to discuss section 24.

**Mr Bob Huget (Sarnia):** Agreed.

**The Chair:** Very well. Shall sections 13 to 19, inclusive, carry?

*Interjections.*

**The Chair:** I'm sorry. I'm a little bit ahead of myself there. Are there any concerns or questions—

**Mr Tilson:** Why don't we just move and have the whole bill passed? Let's try that one.

**The Chair:** Okay. Let's do it one section at a time. My apologies, Mr Tilson.

**Mr Owens:** The member for Dufferin-Peel has made an admirable suggestion here. Gerry needs to get back to Scarborough for a meeting tonight.

**The Chair:** We are on section 13 of Bill 164. Any questions or comments?

**Mr Tilson:** Mr Chairman, I think I'd love to hear about what the rationale of section 13 is all about.

**Mr Owens:** This section increases the approval power of the commissioner beyond the owner's policy to all standard forms of policies and their related certificates of insurance. For further clarification, as this is an OIC amendment, I'll ask Mr Halpert to chime in and add background.

**Mr Halpert:** The way the current act is drafted, there is a restriction to the standard owner's policy, which is the OPF 1. This would allow the commissioner to approve other forms as well to make it easier for customers to have standard forms across the industry. This would include, for example, the OPF 2, which is the driver's policy and the garage policy, and the OPF 4 etc.

1550

**Mr Tilson:** So, in short, Mr Chair, we're giving the commissioner more jurisdiction, more power simply to—

**Mr Halpert:** Just to standardize forms in the industry.

**Mr Tilson:** Have you experienced some problems? Why would you do this?

**Mr Halpert:** It makes it easier to a certain extent for the insurers and for the insured. The insured therefore doesn't necessarily have to send out an actual policy with each renewal, for example; he can just send out the certificate which shows that a person is insured and covers the basics of the policy. He can be assured that every time he signs up for this policy, he will get exactly the same treatment.

**Mr Tilson:** So there's no approval now? Is that what you're saying? I'm not familiar with the procedure.

**Mr Halpert:** Right now the OPF 1 is approved. The OPF 2, OPF 4 etc are not approved.

**Mr Tilson:** This says that that's to be approved as well.

**Mr Halpert:** This opens it up so they can be approved forms.

**Mr Kwinter:** I'm just looking for some clarification. When you look at section 13, subsections 227(5) and (6), and you look at (5) it says:

"The commissioner may approve the form of standard policies containing insuring agreements and provisions in conformity with this part for use by insurers in general."

Then it says in subsection (6):

"If the commissioner approves a form of standard policy, the commissioner shall cause a copy of the form to be published in the Ontario Gazette...."

The concern that I have, and I wish I could get some clarification so I understand in my mind, is that there is a standard policy and then the commissioner is given another form that is purported to be a standard policy, but obviously it's got to be different than the standard policy or why would he want to get approval for it? It says that he approves "a form" of standard policy. I just want to satisfy myself: What is a form of standard policy that has to be published if there's already a standard policy? And if the commissioner can approve a form of standard policy and it's not the standard policy that's already the standard policy, then it must mean that there's other than a standard policy that he is now declaring to be a standard policy. I'd just like to get some clarification on that.

**The Chair:** Mr Owens? Mr Halpert.

**Mr Halpert:** I knew that was coming.

**Mr Kwinter:** You knew that was coming.

**Mr Halpert:** And I won't try to rephrase the question.

The current act deals with the standard owner's policy. That's the OPF 1, and that's the standard policy that's used by, normally, you or I or most people. But there's a certain need, a certain desirability to having certain other forms made standard as well. This would allow the commissioner to do that, to make certain other forms standard as well.

**Mr Kwinter:** I would respectfully submit that the wording of this provision is not clear, because it doesn't say that the commissioner shall have the authority to declare another form of the policy a standard policy. What it really says is, "If the commissioner approves a form of standard policy." As I say, that's what has led, in my mind, to the confusion. I think there should be some clarification that the commissioner has the authority to establish standard policies from time to time, and when he does that he must publish it in the Ontario Gazette.

When you read this, which led to my question in the first place and where there is some confusion, it says, "If the commissioner approves a form of standard policy," and when you look at subsection (5), it gives the impression that there's only one kind of standard policy, and where the confusion is in my mind is that the commissioner is then given authority to approve a form of standard policy that's different from the standard policy. I think there should be some clarification in



the wording that the commissioner does have the authority to declare certain policies a standard policy providing he declares it as such and providing he publishes it in the Ontario Gazette.

**Mr Halpert:** I think the industry is also interested in having standard policies. When the commissioner does approve of a policy and publishes it in the Gazette, the industry, I think, in virtually all cases—I'd like to say "in all cases," but there may be an exception—will use that policy. It simplifies things for the insurers as well as the insureds. They can get the policies printed, have them formalized that way, they don't have to rewrite them and everybody understands them.

**Mr Kwinter:** I'm not questioning the validity of having standard policies; I'm just questioning the clarity of how this thing works and what it is that is being done by the commissioner. I'm not in any way questioning the need for the industry to have standard policies.

**Mr Tilson:** We should probably stand this down till 5 o'clock.

**The Chair:** Is that a suggestion, Mr Tilson?

**Mr Owens:** I'm trying to understand where, Mr Kwinter, you need clarification. I understand in terms of your comments with respect to the standard policies not being an issue, but we talk about the form of standard policies being pluralized, so that it's not simply a singular policy that the commissioner can approve. It's not a lot different than what currently exists. It's a tighter provision.

**Mr Kwinter:** I was asking for clarification, and I'm quite happy with it.

**Mr Owens:** We have that on the record, I hope.

**The Chair:** Further discussion about section 13 of the bill? Seeing none, shall section 13 carry? Carried.

We move now to section 14 of the bill. Mr Owens, any comments?

**Mr Owens:** This section extends the duty to provide certain types of information to our brokers as well as insurers. This again is an insurance commission amendment, so over to Mr Halpert for further background.

**Mr Halpert:** In many, many cases, the broker is the person who actually contacts the customer and deals with the customer. In some cases like Allstate, where they are direct writers, it is the insurer that deals with them, but we wanted to broaden this so that it makes it clear that we're not only talking about the insurer providing information but it's also the broker.

**The Chair:** Any comments or concerns?

**Mr Tilson:** A question for Mr Halpert. We're now seeing more and more situations where the commissioner's office is going to be required to become more involved. There are sections that we're dealing with now. Mr Scott made comment some time ago as to the number of new staff that would be required to adminis-

ter the provisions of this bill, including this provision. Are you now in a position to tell this committee, are there any better ideas as to any additional staff that will be required by the Ontario Insurance Commission, to administer this piece of legislation?

**Mr Halpert:** No, I'm not.

**The Chair:** Any further comments, questions? Seeing none, shall section 14 of the bill carry? Carried.

Moving on to section 15: Mr Owens, for an explanation.

**Mr Owens:** This section is complementary to section 13 in that it further allows insurers to send certificates instead of policies to insureds for a broader range of policies. It's designed to increase the convenience on both sides, both for the insurer and the insured.

**The Chair:** Any comments or questions? Seeing none, shall section 15 of the bill carry? Carried.

Section 16 of the bill: Mr Owens, for an explanation.  
**1600**

**Mr Owens:** The current act sets out statutory conditions, or what is affectionately referred to as "small print," which must be read into insurance contracts. The bill removes the conditions from the act and indicates that new statutory conditions will be set out in the regulations. By putting the statutory conditions in the regulations rather than in the act, it allows the conditions to be more flexible and it will not be necessary to amend legislation in order to modify the small print.

**The Chair:** Any questions or comments? Seeing none, shall section 16 of the bill carry? Carried.

Moving on to section 17: Mr Owens, for an explanation.

**Mr Owens:** This section repeals section 235 of the act. It's a consequential amendment to section 16 of the bill, which moves the small print statutory conditions from the act to the regulations.

**The Chair:** Any comments or questions? Seeing none, shall section 17 of the bill carry? Carried.

Moving on to section 18: Mr Owens, for an explanation.

**Mr Owens:** Underwriting grounds are the reasons that insurance companies use to refuse to insure someone. The grounds are regulated by the Insurance Commission of Ontario. Under the current act, there is nothing to stop insurers from using objectionable grounds from the day they are filed with the commission. Under Bill 164, the insurer must wait 15 days after filing the underwriting grounds before using them. During that 15-day period, the commissioner may prohibit use of those grounds. This gives the commissioner the power to prohibit the use of new underwriting grounds prior to their implementation.

Under the current act, the insurer may use underwrit-

ing grounds immediately after filing them. What this allows is a temporary use of these perhaps inappropriate grounds. Under the current act, the commissioner may demand information relating only to the manner in which the grounds are being applied. This does not allow the commissioner to inquire whether grounds other than those which have been filed are being used.

**The Chair:** Any comments or questions on this section? Seeing none, shall section 18 of the bill carry? Carried.

Moving on to section 19 of the bill: Mr Owens, for an explanation.

**Mr Owens:** This provision amends the act to reflect the moving of the small-print statutory conditions from the act to the regulation.

**The Chair:** Any comments or questions? Seeing none, shall section 19 of the bill carry? Carried.

Moving on to section 20 of the bill, we have a government motion.

**Mr Owens:** I move that clauses 263(1)(b) and (c) of the Insurance Act, as set out in subsection 20(1) of the bill, be struck out and the following substituted:

“(b) the automobile that suffers the damage or in respect of which the contents suffer damage is insured under a contract evidenced by a motor vehicle liability policy issued by an insurer that is licensed to undertake automobile insurance in Ontario or that has filed with the commission, in the form provided by the commission, an undertaking to be bound by this section; and

“(c) at least one other automobile involved in the accident is insured under a contract evidenced by a motor vehicle liability policy issued by an insurer that is licensed to undertake automobile insurance in Ontario or that has filed with the commission, in the form provided by the commission, an undertaking to be bound by this section.”

**The Chair:** Mr Owens, an explanation.

**Mr Owens:** What that fairly large bit of gobbledegook means is that the bill amends technical errors in the act and also allows owners of commercial vehicles to decide what level of insurance for property damage they want to buy.

**The Chair:** Questions or comments on this amendment? Seeing none, shall the amendment carry? Carried.

That brings us to subsection 20(2) of the bill. Mr Owens?

**Mr Owens:** I'll turn the question over to Mr Halpert for explanation.

**Mr Halpert:** I'm sorry; I thought you did it a few minutes ago. This deals with the ability for—

**The Chair:** Yes, we did an amendment to section 20, but we didn't do the whole section.

**Mr Tilson:** We're on 20?

**The Chair:** Yes, subsection 20(2), Mr Tilson.

**Mr Owens:** I think the great speed at which we are now moving at has made us a little oxygen-starved here.

The current legislation only applies to accidents involving two cars, and applies to insurers licensed in Ontario whether or not they are licensed to write automobile insurance here. Our legislation will make it clear that direct compensation applies as long as two cars in an accident are insured by Ontario licensed insurers.

Secondly, it makes it clear that these provisions apply only to insurers licensed to write auto insurance in Ontario. It also allows that in “side agreements in which an insurer agrees with an insured person actual prescribed classes of insurance such as taxis and commercial vehicles, the insurer will pay less than the full amount for property damage.”

**The Chair:** Any questions or comments on this section? Seeing none, shall subsection 20(2) carry? Carried.

Shall section 20, as amended, carry? Carried.

Moving on to section 21 of the bill: Mr Owens.

**Mr Owens:** By way of explanation, section 21 repeals a subsection of the current act which is no longer required. The repealed subsection dealt with the giving of a notice from an insurer when there was an accident. It's no longer required, as under Bill 164 these matters are to be dealt with in the regulations instead of the act.

**Mr Tilson:** Will the regulations have a similar provision?

**Mr Owens:** We certainly plan on the regulations mirroring the legislation and, as we just certainly passed a section that mandates that to happen, it's our view that we will comply with the law.

**Mr Tilson:** I guess I'm just asking about the merit of moving it out of legislation into regulations.

**Mr Halpert:** We're moving all the statutory conditions into the regulation; as this deals with the statutory conditions, it makes sense to move them into the reg as well.

**The Chair:** Any more comments or concerns about section 21 of the bill? Seeing none, shall section 21 carry? Carried.

Moving on to section 22 of the bill: Mr Owens, for an explanation.

**Mr Owens:** Section 266 of the current act sets out the OMPP threshold for access to tort. This provision of 164 will abolish the threshold as soon as section 24 of the bill passes, as it will be as amended.

In terms of the rationale, it clearly implements the policy of The Road Ahead by widening the access to courts for suits for pain and suffering.

**The Chair:** Any comments or questions? Seeing



none, shall section 22 of the bill carry? Carried.

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Section 23: Mr Owens, for an explanation.

**Mr Owens:** Section 267 of the current act provides that tort damages must be reduced by the amount received for such things as sick leave plans and income protection plans. This reverses a principle called the collateral source rule. The payment received from collateral sources provides compensation for economic loss, and since compensation for economic loss will not be available through tort awards after Bill 164 comes into force, the collateral source benefits will not be deducted from any tort awards. The rationale for this provision is that the current provision is not required where there are no suits for economic loss.

**The Chair:** Comments or questions on this section?

**Mr Harnick:** Which section was just read?

**The Chair:** Section 23.

**Mr Harnick:** Just a second; you've lost me again. Are you saying section 23 in these loose papers or in the book?

**The Chair:** No, in the book; section 23 of the bill.

**Mr Harnick:** Section 23 of the book says, "Subsection 267(6) of the act is amended by inserting after '1989' in the fourth line 'and before the day section 267.1 comes into force'."

**The Chair:** That's correct, Mr Harnick.

**Mr Harnick:** Explain that.

**Mr Kwinter:** Mr Chair, on a point of order: I assume that section 23 deals with exactly what it says, just to insert after "1989" in the fourth line and before the thing. The parliamentary assistant just gave us a whole dissertation on the rationale for dealing with tort, which seems to me comes up under section 24.

**Mr Tilson:** It's sort of the logical place, isn't it?

**Mr Kwinter:** I just want to make sure we understand what it is we're talking about.

**Mr Owens:** I'll ask Mr Endicott to respond to that.

**Mr Eric Endicott:** Section 267, which is staying in the bill, provides for the deduction of collateral sources from tort awards. This new provision terminates the effect of those sections once the new regime comes into force; those sections will no longer be operative once this bill is passed, or once section 24 is proclaimed. It's a way of making sure that the law stays as it is now but when it's changed it will no longer be in force.

**Mr Harnick:** I understand.

**The Chair:** Mr Kwinter?

**Mr Kwinter:** That's fine.

**The Chair:** Everyone's clear on that now? No further questions or concerns with section 23? Shall section 23 carry? Carried.

That brings us to section 24, and this is the section

that everyone has been waiting for. Mr Owens, you have a government motion.

**Mr Owens:** I move that section 24 of the bill be struck out and the following substituted:

"24. The act is further amended by adding the following section:

"Protection from liability

"267.1(1) Despite any other act and subject to subsections (2) and (6), the owner of an automobile, the occupants of an automobile and any person present at the incident are not liable in a proceeding in Ontario for loss or damage from bodily injury or death arising directly or indirectly from the use or operation of the automobile in Canada, the United States of America or any other country designated in the Statutory Accident Benefits Schedule.

"Non-pecuniary loss

"(2) Subsection (1) does not relieve a person from liability for damages for non-pecuniary loss, including damages for non-pecuniary loss under clause 61(2)(e) of the Family Law Act, if as a result of the use or operation of the automobile the injured person has died or has sustained,

"(a) serious disfigurement; or

"(b) serious impairment of an important physical, mental or psychological function.

"Determination binding

"(4) A determination of a judge on a motion under subsection (3) is binding on the parties at the trial.

"Determination at trial

"(5) If no motion is made under subsection (3), the trial judge shall determine if, as a result of the use or operation of the automobile, the injured person has died or has sustained,

"(a) serious disfigurement, or

"(b) serious impairment of an important physical, mental or psychological function.

"Liability of other persons

"(6) Subsection (1) does not relieve any person from liability other than the owner of the automobile, the occupants of the automobile and the persons present at the incident.

"Joint and several liability, pecuniary loss

"(7) If, in the absence of subsection (1), the owner of an automobile, an occupant of an automobile or a person present at the incident would have been jointly and severally liable for damages for pecuniary loss with one or more other persons who are not relieved of liability by subsection (1), the other persons are liable for those damages only to the extent that they are at fault or negligent in respect of those damages.

"Non-pecuniary loss, amount of damages.

"(8) Subject to subsections (2) to (5), in a proceeding

for loss or damage from bodily injury or death arising directly or indirectly from the use or operation of an automobile, the court shall determine the amount of damages for non-pecuniary loss to be awarded against the owner of the automobile, an occupant of the automobile or a person present at the incident in accordance with the following rules:

"1. The court shall first determine the amount of damages for non-pecuniary loss for which the owner of the automobile, the occupant of the automobile or the person present at the incident would be liable without regard to this part.

"2. The determination under paragraph 1 shall be made in the same manner as a determination of the amount of damages for non-pecuniary loss in a proceeding to which this section does not apply and, in particular, without regard to,

"i. the statutory accident benefits provided for under subsection 268(1),

"ii. the provisions of this section that protect the owner of the automobile, the occupants of the automobile and the persons present at the incident from liability for damages for pecuniary loss, and

"iii. the provisions of paragraph 3.

"3. The amount of damages for non-pecuniary loss to be awarded against the owner of the automobile, the occupant of the automobile or the person present at the incident shall be determined by reducing the amount determined under paragraph 1 by,

"i. in the case of damages for non-pecuniary loss other than damages for non-pecuniary loss under clause 61(2)(e) of the Family Law Act,

"A. \$10,000, if the award of damages is made in 1993 or 1994, or

"B. the non-pecuniary loss deductible published under clause 267.2(1)(a) for the year in which the court makes the award of damages, if the award of damages is made in a year after 1994, and

"ii. in the case of damages for non-pecuniary loss under clause 61(2)(e) of the Family Law Act,

"A. \$5,000, if the award of damages is made in 1993 or 1994, or

"B. the Family Law Act deductible published under clause 267.2(1)(b) for the year in which the court makes the award of damages, if the award of damages is made in a year after 1994.

"Same

"(9) Subsection (8) applies in respect of each person who is entitled to damages for non-pecuniary loss.

"Non-pecuniary loss, other tortfeasors

"(10) If, in a proceeding for loss or damage from bodily injury or death arising directly or indirectly from the use or operation of an automobile, one or more persons other than the owner of the automobile, the

occupants of the automobile and the persons present at the incident are found to be liable for damages for non-pecuniary loss,

"(a) the other persons,

"(i) are jointly and severally liable with the owner, occupants and persons present at the incident for the damages for which the owner, occupants and persons present at the incident are liable under subsection (8), and

"(ii) are solely liable for any amount by which the amount mentioned in subclause (i) is less than the amount that the other persons would have been liable to make contribution and indemnify the owner, occupants and persons present at the incident in respect of non-pecuniary loss in the absence of this section;

"(b) the other persons are liable to make contribution and indemnify the owner, occupants and persons present at the incident in respect of non-pecuniary loss to the same extent as if this section did not apply, up to the amount for which the owner, occupants and persons present at the incident are liable under subsection (8); and

"(c) the owner, occupants and persons present at the incident are liable to make contribution and indemnify the other persons for the amount that the owner, occupants and persons present at the incident are liable under subsection (8), reduced by the amount that the other persons are liable to make contribution and indemnify the owner, occupants and persons present at the incident under clause (b).

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"Determination of liability

"(11) For the purposes of subsections (7) to (10), the liability of all persons involved in the incident from which the proceeding arose shall be determined as though all persons wholly or partly responsible for the damages were parties to the proceeding even though any of those persons is not actually a party.

"Costs

"(12) In a proceeding for loss or damage from bodily injury or death arising directly or indirectly from the use or operation of an automobile, the determination of a party's entitlement to costs shall be made without regard to the effect of paragraph 3 of subsection (8) on the amount of damages, if any, awarded for non-pecuniary loss.

"Regulations

"(13) The Lieutenant Governor in Council may make regulations,

"(a) defining serious impairment of an important physical, mental or psychological function for the purposes of this section;

"(b) respecting the evidence that must be adduced to prove that a person has sustained serious impairment of



an important physical, mental or psychological function for the purposes of this section.

**"Definition**

"(14) For the purposes of this section, 'owner' includes an operator as defined in subsection 16(1) of the Highway Traffic Act.

**"Application**

"(15) This section applies only to a proceeding for loss or damage arising for the use or operation, on or after the day this section comes into force, of an automobile.

**"Publication of deductible amounts**

"267.2(1) Before the 1st day of January in each year after 1994, the Minister shall determine in accordance with this section and publish in the Ontario Gazette,

"(a) the non-pecuniary loss deductible to be used under subparagraph i of paragraph 3 of subsection 267.1(8) in respect of awards of damages made in the year that begins on the 1st day of January; and

"(b) the Family Law Act deductible to be used under subparagraph ii of paragraph 3 of subsection 267.1(8) in respect of awards of damages made in the year that begins on the 1st day of January.

**"Rules for determination**

"(2) The following rules apply to the determination of the non-pecuniary loss deductible and the Family Law Act deductible:

"1. The non-pecuniary loss deductible for 1993 and 1994 is \$10,000.

"2. The Family Law Act deductible for 1993 and 1994 is \$5,000.

"3. The non-pecuniary loss deductible and the Family Law Act deductible for a year after 1994 shall be determined by adjusting the deductible for the previous year by the percentage change in the consumer price index for Canada (all items), as published by Statistics Canada under the authority of the Statistics Act (Canada), for the period from September in the year immediately preceding the previous year to September of the previous year.

"4. Despite paragraph 3, if the consumer price index information required by paragraph 3 to determine the deductibles for a year is not available by the 1st day of November in the previous year, or if in the minister's opinion the information published by Statistics Canada does not provide a reasonable reflection of changes in consumer prices, the minister may determine the deductibles in a manner that the minister considers will provide a reasonable reflection of changes in consumer prices."

**The Chair:** Thank you, Mr Owens. You may want to take a deep breath and have a glass of water.

**Mr Owens:** And apply for hospitalization.

**The Chair:** There are indeed some comments and some questions with regard to this section. Mr Harnick?

**Mr Owens:** If I may, could I ask Mr Endicott to provide an explanation, unless Mr Harnick is wanting to—

**Mr Harnick:** I'm going to make certain remarks, and I hope Mr Endicott is going to explain some of the things that I have some questions on as I go, if that's satisfactory.

**The Chair:** I think that's quite satisfactory, Mr Harnick. Mr Harnick will make some comments.

**Mr Harnick:** As some people may know, this is the section that I think is the heart of this bill. I can't particularly applaud the government for bringing in at the 11th hour this particular amendment, but I will say that it's better than what we had before in that I believe it lowers the threshold to a realistic verbal threshold and it imposes on top of that a monetary deductible.

I think the monetary deductible is too high and it will not be of the greatest benefit possible to innocent accident victims. However, I understand that from the insurers' point of view, it's the best they could do in terms of complying with the government's conditions regarding the costing of this particular package.

I'm somewhat dismayed that the government was not prepared to adjust certain areas that I think it ought to have adjusted in the accident benefits schedule in order to accommodate more innocent accident victims who, I believe, are the persons who are the primary concerns when there's an accident and an injury involving an automobile.

I've always said that those who are not innocent deserve to be protected properly and adequately, but you reach a point where, if you pay them too much, it's the innocent victim who suffers. I think that's in fact what's happened with this particular aspect of the bill, and I regret that the government didn't show some flexibility in making some adjustments to the accident benefits package so that insurers and lawyers could provide, putting their heads together, a better alternative for the innocent accident victim.

That being said, I am pleased with this particular threshold, vis-à-vis the straight \$15,000 deductible, but I am not prepared to applaud this particular threshold deductible scheme until I see an economic loss endorsement that I understand is in the course of being developed by negotiation between the advocates' society, FAIR, the Canadian Bar Association and the Insurance Bureau of Canada and their representative companies.

I have a note that I've been provided with from the Insurance Bureau of Canada, from Stan Griffin, and in that note he states that the insurance industry continues to be prepared to work with the legal community to develop this endorsement around certain concepts that had been agreed upon, and in return, the legal commun-

ity, as I understand it, gave their support for the threshold alternative put forward to the government.

Now, I've been advised that the government will ensure that on the day this bill is proclaimed into law, there will be an economic loss endorsement in the regulations.

I also will hold the insurance industry to its pledge to develop this endorsement because, as Mr Griffin has told me, it is doing this in return for the support of the legal community in terms of the threshold that's in this section. I have no doubt that all those parties will make their very best effort to come up with an affordable and comprehensive economic loss package which will include the right of all those who purchase the insurance to claim on a first-party basis against their own insurer, in tort, for their actual future loss of income, future loss of opportunity, for all economic loss, save and except for medical expenses and rehab.

I have no doubt that the insurers and the lawyers will work in conjunction with one another in a good faith way to provide innocent accident victims with that protection at an affordable amount of money and that they will produce a product that is competitive and marketable. I have no doubt that that is the case.

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I do have some reservations about the section itself. I apologize for my ignorance, but I don't really understand the "joint and several" aspects of this package. I'll get into that in a moment, but one other section that provides me with grave concern is subsection (13) as set out on page 5 under the heading "Regulations."

I have some reservations because I have been told and been made aware that essentially what is in this package was agreed to by the insurance companies and by the lawyers' groups that negotiated to come up with this package. It bothers me to think that now we have something by agreement in the act, and by way of regulation the government can go ahead and change what the parties set out by way of agreement.

This cuts both ways. If courts determine that this threshold is nothing more than a \$10,000 deductible and it starts to cost the insurance companies a lot of money, I would be upset if the government went ahead and changed the regulation because it saw that happening. By the same token, I think insurance companies would be upset if the threshold had been interpreted in a very strict way and the government then decided unilaterally to go ahead and change the definitions that the courts have provided over a period of time.

I would like to propose by way of a friendly amendment, if that's possible, that because this section was developed in conjunction between the insurers and the lawyers, we delete this particular section. I think if we are going to go ahead and deal with the threshold and make changes to the threshold, it should be done by the

Legislature. It is the heart and guts of this auto insurance package, and if anybody is going to tamper with those meanings and those sections, I think it should be done in the Legislature by way of a bill.

If it's possible to propose that amendment, I would do so. I don't know, because of the time allocation motion and the clock ticking and the 28 minutes left to go, whether that's possible, but I tell you that it will not affect the way this bill operates. What it will say is that we as parties are prepared to leave this to the courts to determine.

If that's not possible or proper, so be it. I've spoken to people today after this package was delivered, and they assure me that regulations will not be touched lightly by the cabinet, that if there are any changes to be made there will be consultation with the insurance industry and there will also be consultation with the various lawyers' groups. That's fine, and I believe that, except people come and people go, governments come and governments go. If I could be sure that Blair Tully was going to be the deputy minister in charge of this bill for ever, I'd be quite content to see subsection (13) remain. I don't know if Mr Tully is going to be in that capacity and I don't know if this government—well, I do know that this government is not going to be around beyond this Parliament.

Quite frankly, I am concerned that we can tamper with something that's been a negotiated process between the parties. I'll leave it at that. If I can bring that motion and if it's in order, I would do so. If the Chair tells me it's not, well, I will have to be content with the assurances I've been given by Mr Tully and by the minister's executive assistant in charge of policy. They've assured me, and I believe them, that this won't be tampered with lightly.

The other area on which I would like some help from Mr Endicott is the issue dealing with joint and several liability in subsection (10). He's provided me with some examples, and I hope he'll let me keep this. I don't understand it, but am I wrong in saying that if there is not joint and several liability—in other words, if someone goes into a hotel and goes out and because they're impaired they're involved in an accident and they have no insurance, if the lawsuit is brought against the hotel, do the rules pertaining to the deductible and the threshold apply to the hotel?

**Mr Endicott:** The answer is no, they don't.

**Mr Harnick:** In situations where there are joint tortfeasors who are both insured and the accident is a motor vehicle accident—there's no other outside party—if there is a situation of 50% liability on each party on a claim of perhaps \$100,000, am I correct in saying that the claimant would get \$100,000 less the deductible of \$10,000, or are there two deductibles in that case?



**Mr Endicott:** In every case there's only one deductible.

**Mr Harnick:** All right. Now, in a situation where you have an auto tortfeasor and a non-auto tortfeasor, to use your examples, and they're each found 50% liable in a case of \$100,000, does it mean that the non-auto tortfeasor pays \$50,000 and the auto tortfeasor pays \$50,000, less a \$10,000 deductible?

**Mr Endicott:** That's correct.

**Mr Harnick:** In a situation where the non-auto tortfeasor cannot satisfy a judgement, am I correct in saying that the \$90,000 comes from the auto tortfeasor—

**Mr Endicott:** That's correct.

**Mr Harnick:** —and the auto tortfeasor now has to chase the non-auto tortfeasor for \$50,000?

**Mr Endicott:** For \$40,000. That's right, which of course is the standard case in tort law.

**Mr Harnick:** Let me just keep going here, because I don't really understand this stuff.

**Mr Endicott:** You seem to have understood it pretty well so far.

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**Mr Harnick:** I understand it in my language, but not your language. That's my problem. In this interesting situation you have in example 3, the auto tortfeasor and the non-auto tortfeasor are each found 50% liable in a case assessed at \$15,000. The way I would look at this is that the non-auto tortfeasor pays \$7,500. The auto tortfeasor pays—

**Mr Endicott:** They pay nothing on their own behalf, but they could be made to pay \$5,000 if the non-auto tortfeasor is impecunious.

**Mr Harnick:** All right, I think I understand that. If we have a \$15,000 claim, the non-auto tortfeasor pays 50%, which is \$7,500. The auto tortfeasor pays \$15,000 less \$10,000, which is \$5,000 left, and he pays half of the \$5,000?

**Mr Endicott:** I have to say these are complicated rules and in the end you really have to apply the sections. He is primarily responsible for only \$7,500, and that's less than \$10,000, so he would not be liable for anything.

**Mr Harnick:** Except that it's a \$15,000 claim.

**Mr Endicott:** That's correct. He is secondarily liable for the amount in excess of \$10,000, so that if the non-auto tortfeasor doesn't pay, then the auto tortfeasor—"it," sorry, not "he"—would be liable for \$5,000. But because its primary responsibility is less than \$10,000, it doesn't, in the first instance, have to pay anything. The amount that has to be paid is the \$7,500 by the non-auto tortfeasor, of which the auto tortfeasor is liable to contribute, in the language of the trade, \$5,000.

**Mr Harnick:** But the maximum recovery for the

claimant is \$7,500.

**Mr Endicott:** That's correct.

**Mr Harnick:** All right. In a situation where an assessment is obtained for \$10,000, you would really get \$5,000 from the non-auto tortfeasor and zero, again.

**Mr Endicott:** That's right. In that case the auto tortfeasor would not be liable to contribute in any event, in any situation.

**Mr Harnick:** But in a situation where there is no auto tortfeasor, it's strictly a non-auto tortfeasor situation—I can't quite think of the example, but perhaps it would be if somebody repaired the brakes of my car and they were repaired improperly and I was now in an accident. I would sue that non-auto tortfeasor, and even though my damages are caused by reason of a motor vehicle accident, that person would still be deemed to be a non-auto tortfeasor, so he could not take the benefit of these rules.

**Mr Endicott:** That's correct.

**Mr Harnick:** In other words, the deductible and the threshold.

**Mr Endicott:** And the provisions respecting economic loss. That's correct. This policy's carried over from the current legislation.

**Mr Harnick:** That would be so even though the case law indicates that I only have two years to commence my action, by way of limitation, even in that situation, because it's a motor vehicle accident.

**Mr Endicott:** Yes.

**Mr Harnick:** All right. I hope the judges agree with you someday.

**Mr Tilson:** It will take three years to find out.

**Mr Harnick:** Those really are my comments. In wrapping up, I wish I could applaud this amendment at this time, but I can't until I see the economic loss endorsement.

I will say it again, and maybe I'll get a chance to say it in third reading when we're given two hours to debate, but I can't for the life of me believe a motor vehicle package that takes away the right of innocent victims to claim their actual economic losses. When I see the affordable economic loss endorsement, I'll feel better and I'll be able to say, "Well, this isn't so bad," but I'll never say that it's right.

I think that this government has distinguished itself—

**Mr Tilson:** In so many things.

**Mr Harnick:** —in so many things, but in this particular instance you really are unique: the only jurisdiction anywhere in the world to take away economic rights from innocent people. When I think of your promises and I think of your original positions on auto insurance, and I quite frankly don't care much about public versus private, but in terms of your pledges to innocent accident victims in September 1990, and I see

that you've taken away economic rights and even reluctantly you're letting people buy those rights back—and I'm assuming that will be an affordable proposition and a comprehensive proposition. It's very, very hard for me to applaud this legislation, but I will say that at least you're giving back something and it's better than it was.

Perhaps if the economic loss endorsement was here in front of me today and it covered parents, spouses, children for their future losses of income except for medical expenses and rehab costs and long-term care or whatever the other medical aspects are, if it covered all the other pecuniary losses and included everyone who would make up the components of a family—not just dependants, because oftentimes we have a wife and a husband who both work. It's very difficult to determine whether someone who's working is a dependant, so it's got to be quite clear that it covers the named insured, the spouse and the children and that it applies to pecuniary losses except for the medical and the rehab, and that it applies for the loss of income that a family suffers in a fatal accident situation. All of those things have to be included.

With that said, I wish I could applaud this. You've made a nice effort to try and correct it and I appreciate that. But I leave a lot of my comments until I see the comprehensive economic loss endorsement that I know will be provided.

**The Chair:** Thank you, Mr Harnick. Very early on in your comments you posed a question that may have been rhetorical and I believe you understand—

**Mr Harnick:** It's not rhetorical, but—

**The Chair:** But I believe you understand that the business of this committee today is ordered by a time allocation motion and any friendly amendment that you might propose, of course, would be out of order.

**Mr Harnick:** Well, unless everybody consents. If everybody consents, we can do it. We can do anything on consent, so perhaps I could ask the Chairman to pose that question.

**The Chair:** But the order is clear, Mr Harnick. All amendments are to be filed prior to—

**Mr Harnick:** No, I'm aware of that, but on consent we can do anything and all I'm asking you to do, Mr Johnson, is ask for consent. Then, if we don't get it, we can move on and if we do, we can delete that subsection. That's all I'm asking you to do.

**The Chair:** Mr Harnick, I'll put the—

*Interjection.*

**The Chair:** The clerk has informed me that that would still be out of order, according to the time allocation motion.

**Mr Harnick:** You can do anything on consent, Mr Chair, and I'd ask you to pose the question, because if

it's on consent, I think we can do it. Nothing's out of order if we consent otherwise. On consent, you can do anything.

**The Chair:** I could certainly put the question before the committee, Mr Harnick.

**Mr Harnick:** Why don't we do that?

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**The Chair:** Do we have consent for a friendly amendment from Mr Harnick? No. It's been dealt with, and unless you want a recorded vote, Mr Harnick, I see that it's been lost.

**Mr Harnick:** No.

**The Chair:** Very well. Mr Kwinter.

**Mr Kwinter:** I understand that section 24 has been negotiated between the Insurance Bureau of Canada, the legal profession, and I have no quarrel with the provisions, but I would like to make an observation and make a recommendation. It is something that just jumped out and drew my attention and I would like to know whether or not you and the parliamentary assistant and the committee would consider the concern that I have.

It's a matter of form. It's not terribly complicated, but when I read subsection (15) it said, "This section applies only to a proceeding for loss or damage arising from the use or operation, on or after the day this section comes into force, of an automobile." When I was listening to the member for Willowdale, I noticed that almost invariably throughout his presentation, he talked about a motor vehicle.

When I look at the word "automobile" it immediately conjures up in my mind a certain type of device, but it has limitations. There are things out there that people are driving that may not be classified as an automobile.

**Mr Paul Klopp (Huron):** Don't pick on my car. I know it's old.

**Mr Kwinter:** It would seem to me that given the fact that under the Statutes of Ontario we have a motor vehicles act, the term "motor vehicle" would be far more encompassing than the term "automobile." I respectfully submit that the term "automobile" conjures up certain limitations as to what it is that is being covered by this insurance, whereas the term "motor vehicle" broadens that particular aspect and doesn't limit it.

It would seem to me that it would make some sense—I apologize for bringing this up so late in the procedure, but it only struck me when I saw that particular application, which said, "This only applies to an automobile." I immediately thought to myself, what about some of these other things? Someone may go into court and say, "With all due respect, Your Honour, this is not an automobile in the way you define it; it is—" something else.



I would suggest that "motor vehicle" would be a far better description of what we're talking about getting involved in, and I would recommend, again with the indulgence of the committee and the Chairman, that everywhere in this act where it says "automobile," that "automobile" be substituted with the word "motor vehicle." I'd like to hear your comments.

**The Chair:** I think Mr Endicott may have an explanation for this.

**Mr Endicott:** Currently, "automobile" is the definition that is used throughout the act and it does include more than what we generally think of as an automobile, which I think in the trade is a private passenger automobile. The definition includes a trolley bus and a self-propelled vehicle and the trailers, accessories and equipment of automobiles but does not include railway rolling stock that runs on rails, watercraft or aircraft. So in fact from a legal point of view, the word "automobile" as it's used in the act does encompass all those other things that you want to encompass with the concept of motor vehicle. The work and effort to go through and collate and make that type of change in any event would be extreme—the word is serviceable and has been serviceable in the act thus far, so I think that's why it's been continued.

**Mr Kwinter:** To use the excuse of the kind of work that would go into it, if you have a word processor, you program it to make every word that says "automobile" into "motor vehicle" and it's done. It's really a matter of deciding whether or not the word—let's face it: We're dealing with words. That's all these things are, words, and people are going to interpret them. I still respectfully submit that the term "motor vehicle" is a more all-encompassing description of the things that we're talking about than the word "automobile."

Again, I turn to the member from Willowdale. It was interesting because I wanted to raise this point even before he spoke, but as I listened to him, and if you check Hansard, you will see that invariably he referred to automobiles occasionally, but most of the time he was talking about motor vehicles. It would seem to me that it would make more sense to use the term "motor vehicle" than to use the term "automobile."

**The Chair:** Mr Kwinter, can I pose a question to you and just ask, are you concerned about whether the word "automobile" will stand up appropriately in a court of law? Is that why you raise this?

**Mr Kwinter:** I understand there's a definition that spells out what an automobile is. On the other hand, it would seem to me that there may be other devices that are invented or produced that may fall under the category but are not covered in that particular definition. It would just seem to me that the term "motor vehicle" is a broader term than the term "automobile." As I say, I don't want to make a big deal out of it. I just think that it would make more sense, because we use the term

"motor vehicle" in the other acts, and it would just seem to me to be more consistent and have a more encompassing connotation, motor vehicle as opposed to automobile. As I say, I don't want to drag this on indefinitely.

**The Chair:** I'd like to, then, pose a question to Mr Endicott. Would the word "automobile" in place of "motor vehicle" or vice versa be as successful, carry the same weight, draw the same conclusions in a court of law?

**Mr Endicott:** Well, I think if you were to substitute, you would then have to decide what "motor vehicle" meant as well. "Motor vehicle," you'd have to define that as well. You'd probably, unless you had a reason not to, wind up using the same definition that you have for "automobile" right now. So I'm not sure that you would get any further, because "motor vehicle" is also fairly generic, and what does that mean? You'd want to have it pretty precise in the act. That's how "automobile" is defined now: the self-propelled vehicle etc. So it's really making a substitution of one word for another on the basis that you feel it's a better descriptor, but you would still have to do that.

**Mr Kwinter:** The point I am making is that we have a motor vehicle act; we don't have an automobile act. It would seem to me that to have some consistency in our legislation we should be using similar terms and like terms, and that is the point.

**The Chair:** Any further comment or discussion?

**Mr Tilson:** Well, I guess I have four minutes.

**The Chair:** Yes, indeed you do.

**Mr Tilson:** Some of the concerns I have with this specific section, I'm not quite as trusting as Mr Harnick is with respect to the subject of economic loss. I simply don't trust a government to come up with a definition of "economic loss" and deal with economic loss. I would prefer that it be done in legislation as opposed to the regulations. We don't even know whether it's going to be done. We haven't heard the offer; we haven't heard any statement from the parliamentary assistant. It may or may not be done.

The whole issue of liability of other persons may or may not be a good thing, although obviously it would benefit someone to be involved in a motor vehicle or automobile accident with one of these other persons, such as the person who repairs your motor vehicle or a host or hostess who is serving alcohol at a party or a bartender, someone like that, one of that group of people, of which there's a number; it would pay the innocent accident victim. In other words, the drunk driver, there's no fault with him or her, but there is with respect to these other people; a very strange issue.

With respect to the meaning of words, your government, Mr Owens, the New Democratic Party, when you were opposing OMPP, expressed much concern as to

the words "serious and permanent," and now we're having a whole slew of other words which, notwithstanding the fact that the words may be defined by a court, the government of the day, through regulations, could overrule that government, and I don't find that acceptable.

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**Mr Klopp:** You said "government" instead of "court."

**Mr Tilson:** That's exactly what I mean, that a court of law can interpret these words and through the regulation section, subsection 13 on section 5, a government, through regulations—in other words, it doesn't have to return to the Legislature—can literally overrule a court of law, can redefine judicial interpretation of specific words. That's what it means. The Lieutenant Governor in Council can make regulations defining what "serious impairment" means, notwithstanding the fact a week earlier or a day earlier a court of law may make the same definition.

The whole issue of non-pecuniary loss is going to be left vague because of the lack of consistency as to whether there will be economic loss or satisfactory economic loss.

The subject of deductibles: There is one set of deductibles for \$10,000 and \$5,000 under the Family Law Act. The cost section is certainly a section which will make the legal community quite happy. I find interesting that this government that has taken so many shots at the legal community, rule 12 simply will—

*Interjection.*

**Mr Tilson:** Exactly. That's exactly what's happening. The legal community will be most happy with this section. The whole subject of—

**Mr Owens:** Including Charlie Harnick.

**Mr Tilson:** You can take whatever shots you want. Mr Chairman, if I could continue in the great amount of time that I have, which may be 30 seconds now—

**The Chair:** Yes, about that, Mr Tilson.

**Mr Tilson:** —the topic of following the whole process of determining what these deductibles will be, which will change from time to time, is going to be based on Statistics Canada. Why that index? Why not other indices? There are all kinds of other indices that could be followed, the average industrial index etc. It's very strange that one would arbitrarily pick that one.

The whole point of having many of these things in—you're getting ready to bang? Am I finished, Mr Chairman? The whole point of having a piece of legislation is that it is going to be consistent. With this bill and this amendment, the law will remain inconsistent. Insurance companies, the legal community and most of all the innocent accident victim will now be dealing with a law that is uncertain and inconsistent because of the vague provisions of this regulation. I understand—

**The Chair:** Thank you, Mr Tilson. It's now a little bit past 5 of the clock. I've been lenient; probably shouldn't have been. However, I'll remind all the members of the committee that at 5 pm today, "those amendments which have not yet been moved shall be deemed to have been moved and the Chair of the committee"—that's me—"shall interrupt the proceedings and shall, without further amendment or debate, put every question necessary to dispose of all remaining sections of the bill and any amendments thereto." Furthermore, "Any divisions required shall be deferred until all remaining questions have been put and taken in succession with one 20-minute waiting period allowed pursuant to standing order 128(a). That the committee be authorized to continue to"—

**Mr Harnick:** Dispense.

**The Chair:** If all the members of the committee would just bear with me for one moment.

Shall the amended government motion to section 3 of the bill carry? Carried.

Shall the PC motion to section 3 of the bill carry? No, it's not carried.

Shall government motion subsection 7(1) of the bill carry? Carried.

Shall section 7, as amended, carry? Carried.

Shall the Liberal amendment to section 8, subsection 61(4.1), carry? No.

Shall the Liberal motion on section 8 of the bill, subsection 61(9) of the Insurance Act, carry? No.

Shall section 8 carry? Carried.

Shall section 11 of the bill carry? Oh, my apologies, there's a government amendment. Shall government motion on section 11 of the bill carry? Carried.

Shall section 11, as amended, carry? Carried.

Shall the government motion subsections 12(1) and 12(2) of the bill carry? Carried.

Shall government motion subsection 12(3) of the bill carry? Carried.

Shall government motion subsection 12(4) of the bill carry? Carried.

Shall the government motion on 12(6) of the bill carry—that's not an amendment. Shall subsection 12(6) of the bill carry? Carried.

Shall subsection 12(8) of the bill carry? Carried.

Shall section 12, as amended, carry? Carried.

**Mr Harnick:** Excuse me. I may be a little behind again, but I think you were just talking about subsection 12(8).

**The Chair:** That's right, Mr Harnick.

**Mr Harnick:** Did we deal with 12(8.1)?

**The Chair:** It was carried on June 17, 1993.

**Mr Harnick:** We've already done that one?



**The Chair:** Yes, we have, and we have done all the rest of Bill 12—section 12, rather; Bill 12 would be nice too, probably.

Shall section 24, as amended, carry? I'm sorry, shall the government motion which we just debated, section 24 of the bill, carry? Carried.

Shall section 24, as amended, carry? Carried.

Shall government motion subsection 25(1) of the bill carry? Carried.

Shall section 25, as amended, carry? Carried.

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Shall government motion section 26 of the bill carry? Carried.

Shall 26, as amended, carry? Carried.

Shall government motion subsection 27(2) of the bill carry? Carried.

Shall government motion subsection 27(2), subsection 271(1.4) of the act, carry? Carried.

Shall section 27 of the bill, as amended, carry? Carried.

Shall section 28 of the bill carry? Carried.

Shall government motion section 29.1 of the bill carry? Carried.

Shall section 29, as amended, carry? Carried.

**Mr Harnick:** Excuse me. I may have missed something in your haste, but is it not 29.1?

**The Chair:** You're absolutely correct, Mr Harnick, and I thank you for drawing that to my attention.

**Mr Harnick:** I'd hate to have to go back and do this all over again.

**The Chair:** Likewise, Mr Harnick. Thank you.

Shall section 29 of the bill carry?

**Mr Harnick:** What about 29.1?

**The Chair:** We actually did that first, didn't we?

Okay, shall the government motion, the amendment section 29.1 of the bill, carry? Carried.

Shall government motion section 30 of the bill carry? Carried.

Shall section 30 of the bill, as amended, carry? Carried.

Shall the PC motion, the amendment to section 289 of the Insurance Act, carry?

*Interjections.*

**Mr Tilson:** Mr Chairman, I'd like to plead discrimination. There are all these sections. You don't—

**Interjection:** I'm incredulous. That's a terrific amendment.

**The Chair:** Order. We are undertaking—

**Mr Tilson:** You rush through the government sections. Then you come to a Progressive Conservative motion—

**The Chair:** Mr Tilson, you're out of order. We are proceeding with—

**Mr Tilson:** —the amendments, and that just suddenly wakes these people up, and then they vote against it.

**The Chair:** I appreciate your concerns, Mr Tilson, but you are out of order.

**The Chair:** Shall section 31 of the bill carry?

*Interjections.*

**The Chair:** If I could have the committee members' attention, we are undertaking voting proceedings here and it would certainly assist the Chair if I could hear clearly.

Shall section 31 of the bill carry? Carried.

Shall section 32 of the bill carry? Carried.

Shall section 33 of the bill carry? Carried.

Shall section 34 of the bill carry? Carried.

Shall section 35 of the bill carry? Carried.

Shall the government motion section 35.1 of the bill carry? Carried.

Shall section 36 carry? Carried.

Shall section 37 of the bill carry? Carried.

Shall government motion section 38 of the bill, subsection 413.1(1) of the Insurance Act, carry? Carried.

Shall government motion section 38 of the bill, subsection 413.1(2) of the Insurance Act, carry? Carried.

Shall government motion section 38 of the bill, clause 413.1(5)(a) of the Insurance Act, carry? Carried.

Shall section 38, as amended, carry? Carried.

Shall section 39 carry? Carried.

Shall section 40 carry? Carried.

Shall section 41 carry? Carried.

Shall section 42 carry? Carried.

Shall government motion section 43 of the bill, subsection 417.1(1) of the Insurance Act, carry? Carried.

Shall section 43, as amended, carry? Carried.

Shall section 44 carry? Carried.

Shall section 45 carry? Carried.

Shall section 46 carry? Carried.

Shall section 47 carry? Carried.

Shall section 48 carry? Carried.

Shall government motion subsection 49(5) of the bill carry? Carried.

Shall PC motion subsection 49(7) of the bill carry? Lost.

Shall government motion subsection 49(8) of the bill carry? Carried.

I want to read into the record, shall PC motion subsection 49(11) of the bill, subsection 14(4) of the Compulsory Automobile Insurance Act, carry?

**Mr Tilson:** Can we have a recorded vote on that?

**The Chair:** Pardon me, Mr Tilson?

**Mr Tilson:** I want a recorded vote on that.

**Interjection:** Charles says no.

**Mr Harnick:** No, you should have a recorded vote. It's an important section.

**Clerk of the Committee:** All those in favour?

**Ayes**

Harnick, Kwinter, Tilson.

**Clerk of the Committee:** All those opposed?

**Nays**

Dadamo, Huget, Klopp, Mathysen, North, Owens.

**The Chair:** Thank you. We have a recorded vote, Mr Tilson.

Shall government motion subsection 49(11) of the bill, subsection 14.1(2) of the Compulsory Automobile Insurance Act, carry? Carried.

**Mr Kwinter:** On a point of order, Mr Chairman: Is that subsection 49(11)?

**The Chair:** Yes, it was.

**Mr Kwinter:** In my record, it shows as 49(8).

**The Chair:** The number at the top of the page is 37A.

**Mr Kwinter:** What happened to 36A?

**The Chair:** No, it goes, 36, 36A. We did 36A, Mr Kwinter. I will continue. Mr Kwinter, you're okay with that now?

We are now at PC motion subsection 49(12) of the bill, clause 15(c.1) of the Compulsory Automobile Insurance Act. Carried? Not carried.

We are now at government motion subsection 49(13) of the bill, subsection 15(2) of the Compulsory Automobile Insurance Act. Carried? Carried.

Shall section 49, as amended, carry? Carried.

Shall section 50 of the bill carry? Carried.

Shall government motion section 51 of the bill, the Motor Vehicle Accident Claims Act, carry? Carried.

Shall section 51 of the bill, as amended, carry? Carried.

Shall government motion section 52 of the bill, sections 10 and 17 of the Workers' Compensation Act, carry? Carried.

Shall section 52 of the bill, as amended, carry? Carried.

Shall section 53 carry? Carried.

**Mr Harnick:** Excuse me. How upset would you get if I asked for our 20 minutes right now? I'm just pulling your leg.

**Mr Owens:** I appreciate that.

**The Chair:** I wouldn't get upset, but—

**Mr Owens:** Charlie, I'm here till midnight whether we take 20 minutes now or 20 minutes later.

**Mr Harnick:** How about we take 20 minutes and order in a pizza?

**The Chair:** Thank you for bringing that to our attention, your rights, Mr Harnick.

**Mr Harnick:** I just thought it would look better if you spent the 20 minutes because it would have looked like you spent more time deliberating on the bill.

**The Chair:** I understand, Mr Harnick.

**Mr Harnick:** I was just looking out for your own interests.

**The Chair:** It's appreciated.

The final and last section of the bill is section 54. Shall section 54 carry? Carried.

Shall the title carry? Carried.

Shall I report the bill to the House as amended? Carried.

Thank you very much.

This committee will meet next on Thursday, June 24, 1993, at 4 pm for a post-budget briefing by the Minister of Finance.

The committee adjourned at 1722.









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Prince Edward-Lennox-Hastings-Sud ND)

**Vice-Chair / Vice-Président:** Wiseman, Jim (Durham West/-Ouest ND)

Caplan, Elinor (Oriole L)

Carr, Gary (Oakville South/-Sud PC)

Cousens, W. Donald (Markham PC)

Lessard, Wayne (Windsor-Walkerville ND)

Jamison, Norm (Norfolk ND)

**\*Kwinter, Monte** (Wilson Heights L)

**\*Mathysen, Irene** (Middlesex ND)

**\*North, Peter** (Elgin ND)

**\*Phillips, Gerry** (Scarborough-Agincourt L)

Sutherland, Kimble (Oxford ND)

*\*In attendance / présents*

#### **Substitutions present / Membres remplaçants présents:**

Dadamo, George (Windsor-Sandwich ND) for Mr Lessard

Harnick, Charles (Willowdale PC) for Mr Cousens

Huget, Bob (Sarnia ND) for Mr Wiseman

Klopp, Paul (Huron ND) for Mr Jamison

Owens, Stephen (Scarborough Centre ND) for Mr Sutherland

Tilson, David (Dufferin-Peel PC) for Mr Carr

#### **Also taking part / Autres participants et participantes:**

Endicott, Eric, legal counsel, Ministry of Finance

Fisher, Julia, legal counsel, Automobile Insurance Review

Halpert, Art, senior policy analyst, Ontario Insurance Commission, Ministry of Finance

Owens, Stephen, parliamentary assistant to Minister of Finance

**Clerk / Greffière:** Grannum, Tonia

#### **Staff / Personnel:**

Beecroft, Doug, legislative counsel

Gottheil, Susan, legislative counsel

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## Legislative Assembly of Ontario

Third Session, 35th Parliament

## Assemblée législative de l'Ontario

Troisième session, 35<sup>e</sup> législature

# Official Report of Debates (Hansard)

Thursday 24 June 1993

Standing committee on  
finance and economic affairs

1993 Ontario budget



# Journal des débats (Hansard)

Jeudi 24 juin 1993

Comité permanent des finances  
et des affaires économiques

Budget de l'Ontario 1993

Chair: Paul R. Johnson  
Clerk: Tonia Grannum

Président : Paul R. Johnson  
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# LEGISLATIVE ASSEMBLY OF ONTARIO

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## STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Thursday 24 June 1993

The committee met at 1606 in committee room 1.  
1993 ONTARIO BUDGET

Consideration of the 1993 Ontario budget.

**The Chair (Mr Paul Johnson):** The standing committee on finance and economic affairs will come to order.

### MINISTRY OF FINANCE

**The Chair:** I welcome the Minister of Finance, Floyd Laughren. I was wondering if your assistants with you today could identify themselves for Hansard before we begin.

**Hon Floyd Laughren (Minister of Finance):** Thank you, Mr Chairman. I am pleased to be here. On my immediate right is David Trick from the Ministry of Finance, on my left is Jay Kaufman, who's secretary of treasury board and deputy minister, and next to Jay is Simon Rosenblum, who's senior policy adviser in the Ministry of Finance.

**The Chair:** This afternoon, before we proceed, I would like to just deal with a couple of things with the members of the committee. I understand that there will possibly be the occasion for votes while we are undertaking this presentation. It's my suggestion that if it's required that we leave for a vote, we recess till the vote is completed and then return as quickly as possible so that the committee can come to order and continue. We are expecting of course a vote at 5:45, as we all know.

**Mr Gary Carr (Oakville South):** Bradley's got the floor; he'll be speaking for two hours.

**The Chair:** I understand that Mr Laughren has a presentation to make. I'm in the hands of the committee, but then I believe we will want to ask some questions of the Finance minister. It would seem appropriate that we divide the time up for questions equally. Is that agreeable to all the members of the committee?

**Hon Mr Laughren:** I was under the assumption that I was here until 6. Is that an agreement with members? Okay, I appreciate that.

**Mr W. Donald Cousens (Markham):** We're prepared to stay longer if it means that we can get some answers out of you.

**Hon Mr Laughren:** The length of time doesn't determine the quality of the answers.

There was a prepared statement which more or less covers the waterfront. If you've no objections, I'll skip that and move directly to the presentation. People can read that at their leisure, if that's appropriate, and we can get right into the presentation.

**Mr Cousens:** Just so we have a sense of the timing,

will your presentation leave any opportunity for questions?

**Hon Mr Laughren:** I would hope it'll leave close to an hour. I really feel quite strongly that's important to do. How many slides are there? There are quite a few slides.

**Mr Cousens:** That's fine by me. I got frightened when I saw the number of slides.

**Hon Mr Laughren:** I'll move very quickly. I'll move as quickly as I can, unless members of the committee tell me to slow down. Okay?

This brings us from the budget up till now, this presentation. Very quickly, we set the theme in the budget as investing in jobs and people, preserving important services and also supported investments in jobs, people and services, at the same time controlling our debt as best we can. The combination of these will lay the proper foundation for us as we move forward.

While the debt itself is still going to be over \$9 billion this year, which is a very substantial deficit, we're addressing it through the expenditure control plan, which was the \$4-billion exercise in which we engaged; controlling the public sector compensation through what we all know as the social contract, and, finally, the relatively aggressive revenue-raising that occurred in the budget through taxes and non-taxed revenues.

That's our foundation for the budget, and we believe that gives us a solid foundation for economic growth as we move through the 1990s.

The recent economic developments show us that in the first quarter of this year—this, of course, is the calendar quarter in this case—Canada's real gross domestic product rose 3.8% and, in Ontario, in the fourth quarter of 1992, 3.6% growth in Ontario's GDP. In the last nine months there have been created about 85,000 jobs. It's true the labour force is growing as well.

Exports are strong. International exports from Ontario are up 18% so far this year, led by auto exports, which are up almost 30% over the same period of time. The inflation rate is at about 1.6% for April. Canada's prime lending rate is about 6% now, and the Canadian dollar of course is flirting a little under 80 cents US.

In the US, GDP rate has slowed. Growth rate has slowed to a little less than 1% in the first quarter of this year, but we feel and hope that the pace is picking up, and the unemployment rate in the US fell to 6.9%, the latest numbers in May.

The impact of the budget: I get a lot of questions



about this, particularly when I travelled the province after the budget and held public meetings. There were questions on the impact of the budget on our economic recovery because there were fears that the tax increases would slow down the economic recovery and so forth. I hope that and we feel that it strikes the right balance in all of those competing priorities that are out there in a province like Ontario.

Keeping the essential services intact is an important part of the quality of life in this province and we've worked hard to maintain that. We think that the amount of money we've spent on education and training now is what's going to determine how prosperous and how well we do in a competitive way in the future, because if we don't spend on education and training now, we will not be well placed as we go through this decade.

Of course, we worked very hard at getting the deficit on a downward trajectory, obviously not eliminating it, but getting it going down. It was about \$12 billion last year, and we're getting it down to a little over \$9 billion this year. As I said at the beginning, that's still a high deficit but at least we've got it going down. As the recovery kicks in, I think it would be irresponsible not to have the deficit going in the opposite direction than it's been going in the last couple of years, now that the recovery has started. It means some tough decisions, but I think that simply has to be done.

On the investment side, we hope that it's going to stimulate investment in the province. We've certainly indicated our confidence with the amount of money that we're spending on education, training and, of course, on capital as well.

The last bullet point on the slide indicates the direction we think we're going. We think that in this year there'll be about 106,000 new jobs created in the province and that between 1993 and 1996 we'll average about 115,000 in job growth annually over that period of time, and that the \$3.9-billion capital program—that includes the Jobs Ontario Capital as well—will, in itself, that whole capital program, maintain about 70,000 jobs: create new jobs and maintain existing ones to the tune of about 70,000. That's a major expression of confidence that we are putting in the province and the provincial economy.

The economic outlook for the province for 1993: You can see it's broken down into real growth, nominal growth, CPI, employment growth and unemployment rate. You can see, for 1993 and then running through 1994, our real growth is around 3.5%. It gets up a little bit higher in 1995 and 1996.

I should comment on the consensus column. That's simply a range of other people, independent forecasters and so forth, who project these things. The consensus out there is that real growth will be 3.8% over that period of time; we're saying roughly 3.7%.

**Mr Cousens:** Does that include debt interest?

**Hon Mr Laughren:** Yes. Well, it's real growth in the economy. Nominal growth includes inflation, so obviously that's higher, and you can see the CPI inflation being very low all during this period, under 2%, which is why we've tried to send a message to the federal government about not being preoccupied with inflation, because it's dead in the foreseeable future.

Our employment growth will average around 2.5%, which is close to the consensus.

The unemployment rate—and Mr Phillips mentioned this in the House one day. He was right in one sense, although the spin he put on it was a bit strange, in which he said that the—

**Mr Gerry Phillips (Scarborough-Agincourt):** Sorry.

**Hon Mr Laughren:** I'm just kidding. Oh, you're here.

The unemployment rate for this year being 10.3%, in the budget there was a sentence that said that if you take into consideration the discouraged worker factor who have withdrawn themselves from the official files about employment, it is up around 14%, and that's absolutely correct. We don't take any satisfaction in saying that, but not to put that in there, I think, would be to ignore the reality of the situation in which we and other provinces find ourselves.

So it wasn't that we were predicting suddenly an official unemployment rate of 14%. We were saying these are the numbers, 10.3%, but staying right up there around 9% right through 1993-96, and you can see that the consensus of other forecasters is up around 10% as well. That doesn't give anybody any heart, but at the same time it's realistic, and you'll see some of the numbers as we go through that at least partially explain that as we look at productivity in the various sectors.

There is going to be fairly solid expansion. In the 1980s, Ontario grew at an average of 3.7%, which was better than any G7 country except Japan, and for 1993-96, we're going to grow faster than any of the G7 countries. You can see Ontario at 3.8%, Canada at 3.5%, so we'll outpace the rest of the country, we think—mind you, the recession's been tougher in Ontario than in the rest of the country too, so it should be that way—and then US, Japan and so forth.

So we do think that the worst is over and that we're going to see solid, positive growth in the next few years. But once again, I say to some of my friends who've objected and say that we're trying to get the deficit down too fast that if we don't get the deficit down as the recovery kicks in, I don't know what that says about economic policy if there's ever another recession in the next 10 years. I mean, we simply have to address it now.

The employment growth is going to be slow because,

as I mentioned earlier, the discouraged workers who will return to the workforce and become part of those numbers keep the number up there. You can see there on the chart that the unemployment rate has peaked at about 10.8% in 1992 and then comes down very slowly in 1993 through 1996. That's distressing, but at the same time, we think it's a realistic forecast.

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This one is interesting, because what was bothering me was the unemployment rate among youth, as it's bothered all of us. Certainly the opposition in the Legislature has raised the question of youth unemployment—quite appropriately, in my view—several times this session. You can compare now, 1993, with 1983, when they were coming out of the recession of 10 years ago, and it's strikingly similar, the unemployment rates in the different age groups. Look at youth 15 to 24, 21% 10 years ago, 18.1% now. I'm not saying that with any great deal of satisfaction. I mean, 18.1% is an unemployment rate among young people that's unacceptable. It is too high. This isn't meant to justify anything, merely to show that it's very similar to what happened 10 years ago as we were coming out of that recession.

This is the one I was referring to earlier which compares output and employment growth. What's interesting is that the dark-shaded bars are the output. You can see how output's going up, depending on the sector—2.8%, 2.9%, 4.6% and so forth right up to 8.7%—but without exception, the employment in each of those doesn't match the output growth, for obvious reasons, largely labour productivity, I guess, and the application of more capital and machinery in the workplace. You can see that the output is growing, but it's one of the reasons that unemployment stays high. In the long run we'll benefit from that productivity growth, of course, but in the short term it doesn't pick up the unemployment as much as the output picks up, and that's a fact of life.

This is part of the same argument noticing the dramatic improvement in unit labour costs. On the left-hand side is Ontario's how manufacturing productivity is rising, through two measurements: shipments per employee, the dark line, and exports per employee. You can see from 1981 to 1993 how that's gone up quite dramatically. The right-hand column shows the unit labour costs, comparing Ontario with other jurisdictions. You'll notice, the interesting ones for me were the US dotted line and the Ontario solid line where Ontario was shooting up significantly above the US during the 1980s and now Ontario labour costs have come down and are now basically even with US unit labour costs.

I wanted to show, autos being such an incredibly important component of the Ontario economy, how Ontario autos are gaining a share in a market that is rising. On the left-hand chart you'll see the North

American sales up 6%, the North American assembly up 7.6% and Ontario assembly up 8.4%. Then, if you move over to the right-hand column, the shift to larger vehicles and more options increases the value added to the vehicles, and that's the average annual output growth between 1993 and 1996 projected. You can see North American assembly, 9.6%, 10.4% in Ontario and so forth. It's pretty healthy in the auto sector. So much for that, then.

Let's move on to investing in jobs and people. I mentioned earlier the new jobs this year. We think it's going to be about 106,000 this year. Some people have criticized Jobs Ontario Training, but quite frankly, it's the one I think is the most creative. We struggled with it in the early days, because it was different, it was more complex than a lot of programs. But it drew a very direct link between people on social assistance, pre-employment training, training itself in the workplace and hopefully long-term employment to break that cycle of dependency of people on social assistance. It was not meant to be simply make-work projects, but actually training people on social assistance so that they become an important and permanent part of the Ontario economy. That's why I get quite enthusiastic about Jobs Ontario Training. We project that's going to create between 35,000 and 40,000 new jobs this year; Jobs Ontario Youth, 10,000 summer jobs; Jobs Ontario Homes, about 2,800 jobs.

Jobs Ontario Community Action, which was announced preliminarily in the budget and then expanded upon by Frances Lankin, the Minister of Economic Development and Trade, is a \$300-million program over three years which will give communities more of a say in their own economic development, because we think Queen's Park can't call all the shots appropriately at the local level.

Training and adjustment: We're spending an enormous amount of money on training and adjustment. There have been people who have said, "Well, there are not jobs for people to go to." I think that's the wrong attitude. I think we must train people and educate people so that in the new economy they're there, they're ready, they're trained. This is an important investment in people. It's \$1.2 billion this year. That's up 77% since 1989-90. That is a major commitment to training and adjustment.

OSAP, the Ontario student assistance program, has been restructured, as you know, so that it's now loan-first. It will assist up to 177,000 students this year.

Jobs Ontario Training I already talked about.

The sectoral training agreements are with auto parts, steel and electrical and electronics industries, and I think that's already training over 37,000 workers. I think that's already in place. That's a major commitment to training by sectors. I think that's an important initiative.



We have over 53,000 active registered apprentices in the province now. The Transitions program will help about 9,000 laid-off older workers train for new employment. That's an important signal to older workers.

On the community economic development side, I mentioned Jobs Ontario Community Action. It really is aimed at promoting community economic development with more say by communities. I mentioned already the amount of money. There are three components to it: There is the economic development plan, there are the loan guarantees and equity investment and then there is the capital projects component as well. We think it's the right program and we'll see, as this year goes on, the kind of pickup there is at the community level. We really want that one to work.

On the capital side, we are continuing to put increasing emphasis on strategic investments that will help in economic restructuring, promote community development and maintain a healthy environment out there. In January, the Premier announced a \$6-billion, 10-year program of major economic infrastructure. Out of the \$6 billion, about \$4.8 billion will be provincial money. You may have heard or seen Mr Pouliot and the Premier this morning talking about the Highway 407 project and the approval of two consortia to bid on that project. It's a massive project. And of course there is our commitment to \$2.9 billion in capital investment annually. We expanded the funding for Jobs Ontario Capital by another billion and took it out another year, 1996-97.

1630

We are creating special-purpose crown corporations that you're aware of on the transportation side: the Ontario Realty Corp, the Ontario Clean Water Agency and the Ontario Financing Authority. We believe that those are innovative mechanisms. They are not totally brand-new—they're used in other places, other jurisdictions, other provinces, in the United States in particular—but we think they will give us more manoeuvrability. I think it's the right way to go. It will also allow these corporations to access different sources of money, such as private sector money, whether it's a highway or whatever, whether it's sewer and water projects and so forth.

Then we have the loan-based financing for universities, colleges, school boards and hospitals. That will provide greater certainty of funding as we go out through the next few years and make those major commitments in capital. There will be no net new cost to the school boards or to the hospitals or the universities either, an important addition to note. I know Mr Phillips is taking particular note of that.

The next section deals with maintaining services while at the same time controlling government costs, and this pie chart shows how we approach how to control the deficit. If you break it down, the expenditure

control plan was \$4 billion. We looked at 1993-94 and we said: "This is where we're headed with the expenditures. These are commitments for 1993-94. That is completely unacceptable. We must reduce it by \$4 billion." We said: "That's not enough, because we're heading for a deficit of almost \$17 billion. That's still not enough, so we must find some more." We looked at tax measures, \$1.6 billion this year; asset management and sales, \$900 million, almost a billion there; non-tax revenues, \$200 million; and public sector compensation—ie the social contract—\$2 billion. That was the way in which we approached the deficit reduction plan.

Now, there are people who would say, "You should have reduced the expenditures more and not done so much on the tax side." Others would say, "You should have taken more out of public sector compensation." Others would say, "You should take less." Obviously this was a balancing act to try to make it as fair as possible that everyone in the province made a contribution to this effort, because it's a major problem.

Obviously, I think it's the right balance, because to have taken more—I read the comments by the Ontario Chamber of Commerce that we should reduce the deficit totally in 1994-95. That's next year. If you took \$9 billion out of this economy next year, I know who'd be the big loser. It would be the very people the chamber of commerce represents. I think that makes no sense whatsoever, because you'd have to reduce some capital expenditures if you're going to take that much out. In one year? I can't imagine how they thought that taking \$9 billion out would help the economy in one year. I just found that astounding.

Anyway, that's how we've decided to try to get the deficit to go down rather than continue to go up, which it has been doing for the last three years.

This puts in some perspective the growth in spending on operating programs in the last 10 years or so, and you can see during the 1980s—now, to be fair, the inflation rate was not what it is now either. We're not trying to camouflage that, but you can see the growth in programs. The lowest it was during that period of time was 7.3%. It was actually 16% back in 1981-82, growth in program spending. I notice Mr Carr writing that down.

**Mr Carr:** What was the inflation then?

**Hon Mr Laughren:** I know. Inflation was tough in those days.

Anyway, in 1991-92 it was 12% and in 1992-93, if I could give a nod to my friend Jay Kaufman here, the secretary of the Treasury board, when we got Treasury board up and running and really institutionalized expenditure control, you can see how dramatically it dropped to 2.8% in 1992-93 and a reduction in program spending in 1993-94 of 4.3%.

I hasten to add that interest in public debt is not

included as a program in there, but even if you include that for 1993-94, it's slightly below even anyway. It's still a reduction in overall spending, even with interest on the public debt. We've worked extremely hard on the expenditure side. We've been really preoccupied with that for the last couple of years and it's showing results. I think we're going to show you some examples—oh no, not yet.

I mentioned before in that pie I showed that we took \$4 billion out on the expenditure management side, expenditure control side, and this is where we took it. I want to emphasize that the largest single item on there is internal Ontario government savings, \$720 million. Those are reductions in all the ministries, \$720 million. Some examples were quite dramatic, such as spending on—if I can remember them now—travel, consulting, other things like that reduced by 24%. Reducing the number of ministries from 28 down to 20, I believe it was, that alone saved \$40 million, \$45 million this year.

We have worked extremely hard internally as well and a lot of credit goes to a lot of people in the public sector and the Ontario public service who've worked hard on that to make it happen. And you can see the municipalities, \$176 million and so forth. That's how the \$4 billion breaks down on the expenditure controls that we put in place this year, and those will annualize each year, so this isn't just a one-shot deal.

This is the example I was going to refer to, which you may be getting tired of having me refer to as I come before this committee, but it really is a startling example, I think. Look at the increased spending in the Ministry of Health going back to 1982-83: 17.8%, 12%, 9%, 10%, and it averaged about 11% all during the 1980s and even 1990-91. Look, it's 12% then, 10.4% in 1991-92 and then 0.9% and 0.1% this year. The battle isn't over yet, and you know as well as I do that whenever you try and control health care spending, take it to the local level—and you know the impact it has at the community level. I always say that in Sudbury if you push a health control button, a mushroom cloud appears over my community. That's the kind of reaction there is to expenditure controls in the health care system.

It has to be done very carefully, it has to be done in a way that maintains essential services, but really, those numbers were completely unsustainable. We could not sustain those kinds of growth numbers. We have to do something to get health care costs down, and the more we can do in partnership with the medical profession and other health care players, including the hospitals and people who work in the system, the better. If we can work together on it, that's wonderful. At the same time, we're determined to get health care costs under control. I'll say it again and again that if we're going to save medicare in this country, in this province, we have to control its costs.

Social assistance, as you might imagine during a recession, has been extremely high. Look at the growth percentage change year over year: 1989-90, as the recession was hitting, 20% over the previous year; 1990-91, 37.9% on top of that; and 1991-92, 43% over that. Those are dramatic increases in social assistance expenditures. They're starting to come down as we come out of the recession, but I don't think we're out of the woods yet and that's one of the reasons that there's going to be a social assistance reform paper brought out in the next little while—I don't think a date's been set yet—a social assistance reform which we hope will go some way towards linking people on social assistance to the workforce and hopefully as well doing something about child poverty in this province. That's a worry.

This is just an example—I didn't want to just use health care as an example—under justice, the Attorney General has worked diligently to control costs in that ministry as well, both the previous Attorney General and the present one, and you can see the numbers all during the 1980s again, down now to 0.1% this year. That's taken a lot of work as well.

Let's move to the public sector compensation, the one that's on the minds of a lot of people these days as the social contract gets debated. We passed second reading—well, actually, we vote on it today, don't we?

**Mr Phillips:** That was yesterday.

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**Hon Mr Laughren:** No, we passed second reading yesterday. That's correct.

**Mr Cousens:** It's going to committee of the whole.

**Hon Mr Laughren:** It's going to committee of the whole, correct, and we'll be debating—in case the opposition thinks it's not perfect and wants to move amendments, there'll be an opportunity next week, we hope. We might even have some of our own, but that'll be dealt with next week.

We are determined to achieve \$2 billion in savings in public sector compensation, and legislation was, as you know, introduced on June 14. Components of that are a job security fund of \$300 million over the three years of the contract; a redeployment, training and adjustment plan for each sector so that people can move between institutions and so forth in each sector; total compensation savings of \$2 billion. We also wanted to make sure that people earning under \$30,000 would be protected through a low-income cutoff, and that's what we've done; and also to protect pay equity provisions. That will be protected under the social contract as well.

The total compensation for the 900,000 and some public sector workers is about \$43 billion, and we're achieving savings of about \$2 billion, so that's where you get the roughly 5% savings in the social contract. The reductions in public sector transfers will start on July 1. We want to make sure that's started now, not



later in the year, and we're going to do it that way. We're trying to make it as flexible as possible to allow the employees and their employers and the government to negotiate the best they can. They've all been given targets to negotiate the best way to achieve that. If, on August 1, that hasn't been achieved, then what we call the fail-safe mechanism, the legislation, will kick into place because we simply must achieve those savings.

This is the breakdown by sector. I think members have seen those numbers before. I don't think we need to dwell on them, but that's how much public sector compensation will be saved in each of the major sectors.

There are some incentives to bargain. There was a question asked in the Legislature this afternoon which surprised me, because it implied that there was no real incentive to bargain, and there is. If there are sectoral agreements reached, the targets will be lowered; the targets from the previous slide will be lowered by about 20%. There will be access to a job security fund, which is \$100 million a year. That's surely important for workers who are impacted by the social contract. We think that's an important incentive to get an agreement, a voluntary agreement, so that they don't have to come under the Social Contract Act, which kicks in on August 1, for those who do not reach a voluntary agreement.

We will achieve the savings. One thing I wanted to emphasize, because there's been some noise about it out there that's been incorrect, and that is the pension question. Any savings that we realize on our contributions to the special pension fund will not touch individual pension benefits at all. We're not doing that. We are not stripping a nickel out of the pensions funds of the public sector workers or teachers. That's simply not the case.

You may want to get into that in more detail during the question-and-answer session, but it's the special fund that's set up to deal with the actuarial deficiency. We make payments on that, based on certain assumptions of income that people make and of inflation rates, and since both are going to be down because of the social contract, then our contributions can accordingly be lower and we can achieve savings that way.

The other component—the expenditure reductions was one, the social contract was two, and the third is government revenues and making the tax system fairer.

You can see that this is where we were headed. The bars are the actual revenues in 1990-91, 1991-2, 1992-93, and where we were headed in 1993-94 was lower revenues even than the previous year. That's why we brought in a very aggressive revenue package in this budget—admittedly aggressive. We think that it puts our revenues on a footing that means we won't have to do this again. Also, if you combine it with the expenditure reductions, I believe we now have a sustainable level of expenditures with a revenue base to not only look after the expenditures but get our deficit going down in the

medium term. That's our goal. That's why we did the aggressive tax package. I think to have taken the equivalent amount on the expenditure side would have created enormous job losses all across the province and a very, very substantial reduction in services, because it is wonderful to say, "Reduce government expenditures," but we have to understand that means a reduction in services out there all across the province. There's no easy way of simply saying, "Reduce government expenditures," and think that it's not going to mean a reduction in services, because it is. That's why I think this was the right balance of expenditure reductions and the social contract savings and the tax increases, which means that everybody virtually makes a contribution to the solution of our problem.

The tax moves, which were largely the income tax increase plus the surtax and of course the tax on insurance, which were the major components of the package, you can see this measures the progressivity of it, why it's fair. You can see that on the left hand the vertical axis shows the impact in dollars, depending on your horizontal access, how much money you earned, an Ontario citizen earns, and obviously you can see it goes up fairly dramatically the higher your income. Well, that's the nature of the beast with progressive taxation, and that includes the surtax. This one, by the way, includes the retail sales tax changes too. So this measures what I think is the fairness of the tax moves that we made. Nobody likes more taxes, but I think that this was the fairest way to do it.

Members here will be aware of the Ontario tax reduction program in the province, in which beyond a certain level low-income persons do not pay any Ontario income tax. They might pay federal tax but not Ontario tax. On the left-hand side you see, since we became the government, what would have been the case if we hadn't made changes. But we have made changes for low-income people and on the right-hand side you can see that there are now 220,000 people who pay less Ontario provincial income tax and 590,000 who pay none. That's a total of 800,000 people whom we've affected, and I think that's a major commitment to fairness. If you think of the previous chart, which measured how taxes go up the more you earn, this shows how people of low income pay less or none at all. I think if you combine those two, we've gone some way towards making our tax system fairer. The average amount of tax relief this year was \$210. That's for low-income people, and I think that's substantial.

This compares our income tax, because every now and again, to my complete amazement, members of the Legislature sometimes make references in the question period to us being not competitive with our tax system when in fact we are. The top one shows the combined federal-provincial marginal PIT rates for people earning under \$29,500, and you can see how Ontario is the third

lowest of all the provinces in Canada when it comes to incomes below \$29,500. The bottom graph shows the top marginal PIT rates by province, and we are second from the top. So we are very close to BC in having the highest marginal tax rate at the top. But I think that's appropriate, to be third from the lowest at low income and second from the top for high income, and I think that's fair.

#### 1650

This very simple chart shows the retail sales tax rate by province. You can see that the highest is Newfoundland, with 12%. Alberta, of course, has no sales tax whatsoever, BC and Manitoba with 7%, Ontario with 8%, Quebec with 8% and everybody else from 9% to 12%. So we are second lowest on retail sales tax, or third counting Alberta.

It's the corporate income tax rate that's important for people in the business community making investments, and that's not an insignificant factor. Now, I know that you can get into a bit of a mug's game comparing taxes, depending on what all you include in them, so I'm aware of that. I don't want to be simplistic about it. This compares the corporate income tax rate for the manufacturing sector. Another chart will show us some other taxes. But for the corporate income tax rate, Ontario is at 13.5%, and you can see that New Brunswick, Manitoba, Saskatchewan, BC, Nova Scotia and Alberta are all above us; Quebec, Newfoundland and PEI are below us. But the next chart I think will show the reality, that Quebec has higher payroll taxes than we do, so it levels the playing field to a degree.

This shows some comparisons with the US states, because increasingly that's who we're competing with for North American investment. This shows the corporate income tax rates for the manufacturing sector. The slightly shaded areas at the top I believe are the recommendations by President Clinton for tax changes. So they're not in place yet, but that shows that Ontario, at 35.3%, is lower than those competing jurisdictions.

On payroll taxes, which I mentioned earlier, the per cent of taxable payroll, Ontario is at 2.5%. Look at the US; much higher payroll taxes. The employer's health tax is 1.95% here for the larger companies, it's lower than that for small companies, and for the US it's 8.8%, for those who pay their employees' health care costs, the premiums. So I think that we do need to keep that in mind some time when we are comparing rates, how attractive our health care system is, because in the States there's an enormous amount of debate going on about the inability of employers to pay premiums for their employees.

Okay, let's move to looking at "Controlling the Growth in Debt." There are a lot of numbers on here, and if members want to come back to this chart afterwards, that's fine. It really is our medium-term fiscal outlook. There are a couple of important ones. One is

on the revenue side, seeing what happens to revenues through 1995-96, then the programs, the public debt interest. You can see that even with getting our deficit going down, interest in the public debt goes from \$5.4 billion last year to \$7.2 billion this year.

Mr Philip and I have had many quiet conversations on this one, not all in the Legislature, but chats about this, and I know he's been over to the Ministry of Finance to talk about this, which is quite appropriate. But even given what we're doing with getting the deficit down, you can see that it's going up from \$5.4 billion to \$7.2 billion to \$8 billion to \$8.5 billion. That's a lot of money to be paying out on interest on the public debt. I think most members here know that two thirds of our new borrowing is done outside the country, so it doesn't even stay in here and recirculate. So that's why I'm quite determined that we're going to get that deficit coming down every year, because that number keeps going up.

You can see the operating deficit then going down from \$6.1 billion this year to \$2.6 billion in 1995-96. If you add on capital expenditures, you can see what the total budgetary requirements are. They still are at \$4.8 billion in 1995-96, but at least we're going in the right direction. We think it's reasonable, we think it's sustainable and we're determined to get there. The total debt, you can see, is \$68.6 billion now, and it will still be up around \$90 billion in 1995-96, which is very substantial.

Below, the bottom half shows the fiscal indicators. A couple of the numbers I'd point out to you. One is public debt interest as a percentage of revenue, going from 12.8% last year up to 17.2% in 1995-96. That is a fairly substantial increase. But to put it in perspective, and I'm not saying this because I think this isn't high—this is high enough—the federal government's PDI as a percentage of revenue is something like 32% or 33% now. We're determined not to get there. You just have no flexibility when you get there on what you spend your money on, and we're determined not to let that happen.

Total tax revenue to GDP: This I find interesting because despite the very large, aggressive tax package this year, our tax revenue as a percentage of GDP is 11.5%, which is the same as it was last year, slightly more than in 1993-94 and more than in 1992-93. I don't see the number here, but I seem to recall that in 1989-90 it was right up around—as a matter of fact, it was over 12%, almost 13%. I don't see that here, but anyway, around 23%.

The tax revenue/GDP is one way—it's only one way—of measuring what proportion of the economy is taken up by tax revenue. That's what that number means.

This is the debt per capita. Just to compare us to other provinces and the federal government: per capita,



in dollars, we're at \$7,638. The lowest is British Columbia at \$3,100, and the highest among the provinces is Newfoundland at \$9,200, and the federal government's debt is at \$17,000. As a percentage of GDP, you can see we're somewhere in the middle, with our debt as a percentage of GDP at 27.5%.

This is the final slide, I think. Is there one more? This deals with the credit ratings of the various provinces, determined by Standard and Poor's, Moody's, CBRS and DBRS. You can see Ontario has a AA, as does British Columbia, as does Alberta. Saskatchewan is either BBB-plus, from Standard and Poor's, to A with two others and BBB with DBRS. Quebec is AA-minus for Standard and Poor's, and single As from Moody's, CBRS and DBRS. That's just simply to compare the credit rating of the various agencies.

When we brought down our budget we had meetings with the credit rating agencies. They were, of course, very interested in a number of things. One was our expenditure reductions; the other was the social contract. They are watching very closely just to see if we achieve the savings in the social contract. I think they're convinced we're serious about it and are determined to do it. They certainly maintained our credit rating when they were downgrading others.

I think we're on the right track, not just for the bond rating agencies' purposes, but simply to protect Ontario's payments on interest on the public debt in the next few years, which are going to be high enough without allowing it to go higher. So I really believe we're on the right track.

That's the last of the slides. I hope there haven't been too many. If you want to recall any of them, we can sort them out and get them back up on the screen for you. Having said that, Mr Chair, I'm in your hands.

1700

**The Chair:** Thank you, Mr Laughren. We have an hour left in this presentation for the finance and economics committee. I think we have agreement to divide the time equally among the caucuses, which would allow 20 minutes per caucus. We'll start with the Liberals and Mr Kwinter.

**Hon Mr Laughren:** There is a vote at 10 to or quarter to.

**Mr Cousens:** Why don't we break it into 10-minute slots or something?

**The Chair:** Sure. That sounds good. We'll have 10 minutes per caucus and then start over again. Mr Kwinter, did you have your hand up for a question?

**Mr Monte Kwinter (Wilson Heights):** If Mr Phillips wants to go, that's fine.

**Mr Phillips:** I appreciate the presentation and, as usual, I think we've got more questions than we'll have time for answers. I assume we can submit them to the staff.

As you know, the most disturbing chart in the budget to me was the one on the jobs future, in that I appreciate the severity of the fiscal situation—that one I agree with, by the way, as I understand the numbers—but in your judgement, is that the kind of future that we should see for ourselves? You know the plans that the government has, you know the economy and that we're looking at for the next four or five years, when you take into account what you call the discouraged workers, the people who have given up, unemployment rates in the 12% to 13% range for four or five or six years down the road.

**Hon Mr Laughren:** Unless something changes and the economy recovers faster than we think, unless the federal government—because we could do some things, as a province. I think you would agree that we can't really solve the whole problem, and I'm hoping that the federal government will be very aggressive in its policies on interest rates, keeping the interest rates as low as it can, over which it has control.

As well, I'm hoping, and I guess there's no way of not making this a partisan comment, that the federal government will work with us on more joint programs. I can't imagine a time in the past when, with unemployment rates at this level, there wouldn't be, for example, a federal-provincial program on youth employment and to work with the provinces, the municipalities, the federal government and the private sector to really go after that problem very aggressively.

We can do some things; \$180 million is what we're putting into it this year. I know that we could all put more, I suppose, but you acknowledge the tight fiscal situation we're in.

That is a realistic assessment of where we're headed if it's business as usual out there. Unless the economy rebounds faster than we think it's going to, unless the US has a major rebound as well, and if there's more aggressive policies on the part of the federal government to work with other people, then I think that's what we're facing, yes.

**Mr Phillips:** Just a comment and then my colleague. I'm not sure many of us have internalized what that means. I've looked back at the unemployment rate for 50 years, just because I'm interested in this, and we've never seen this long a period of time with these levels of unemployment. I think you'll find that's an accurate statement. At least for 50 years we haven't seen where we're going to see double-digit unemployment for six or seven years. I don't think we've even contemplated the impact of that.

**Hon Mr Laughren:** There's no question, this is the most severe recession in 50 years, absolutely no question about that. I don't disagree with you at all.

**Mr Phillips:** I noticed that in the budget you said 98,000 jobs have been created in Ontario in the last

eight months. Then I see 85,000 jobs created in the last nine months, that it's still bouncing along without a lot of enthusiasm as far as I can see.

**Mr Kwinter:** I have some very fundamental concerns. The concerns I have are that each year you come to this committee, you tell us figures and invariably they are wrong.

In your first budget you stated that we were in the severest recession since the Great Depression of the 1930s. You're saying that again now. You're saying that you've got to make some dramatic changes to the way we do business. Your medium-term fiscal outlook showed that over the five-year period the deficit would reach certain levels, each year decreasing. The fact of the matter is that each year it has gone up. It's gone up rather dramatically. You weren't out by "spot on" a bit; you were out "spot on" a lot. Every year the deficit has dramatically gone up.

If you take a look at your mid-term fiscal projections on page 39, you show—and I like the change of phrase, "budgetary requirements"; in 1990-91 you talked about a "combined deficit." You now have changed that wording; I guess it rankles every time you look at it, so you call it "budgetary requirements," but we're talking combined deficit. You talk about these figures, which are still higher than your projections were in 1990-91, including all the savings that you're going to make with the social contract. That's taking the money out of the government programs, rolling back the expanded public service, increasing taxes for Ontario taxpayers, and You're still higher than what your projections were.

My question is really this—and this isn't a partisan thing; I would do this if I were at a board of directors' meeting and you were there explaining the finances of your company: Given your abysmal record, the fact that you have not even been close on every single projection, why should we have any faith in these numbers? When you say in this document, "We don't expect that we will have to raise taxes again," why would anyone believe you?

**Hon Mr Laughren:** You're partly right. Our deficits have been \$11 billion and \$12 billion and now \$9 billion, in round numbers, this year coming up. I would point out a couple of things, though.

One is that we have been very good on the expenditure side. We've met our expenditure targets and exceeded them. We really have worked hard at that. What we have not been able to do is achieve the revenue forecasts. This gives me cold comfort, but we're not alone in that regard. The federal government will be out by about \$10 billion on its deficit projections.

We had to deal with—and I think you appreciate this; Mr Phillips said it himself—the worst recession in 50 years. This year our economic forecast is very cautious.

The revenue forecast is even more cautious. For example, if you go back to this year that just ended, we included in our revenue forecast—because we really thought at the time we'd get it; we'd never been through this experience before—\$1.2 billion on the fiscal stabilization. We ended up getting \$300 million. We're out almost \$1 billion on revenues just in that one item alone. This year we've taken it right out of the numbers. If we get it, so much the better; it will be welcome. We have no reason to believe we won't get at least some of it. Nobody has closed any doors or anything like that.

We do believe we can meet this year's targets, but if you can find a jurisdiction in this country that's met its targets in the last couple of years, I'm not sure what it is. As I said at the beginning, that gives me cold comfort, but at the same time it really is a fact that we've all struggled, and in almost every case it has been the revenue side, not the expenditures, that has done us all in.

That's why, of course, we've got the emphasis on expenditures here in the province: \$4 billion on expenditure control and \$2 billion on the social contract. That's \$6 billion in expenditures we were headed for this year on which we've put the brakes and said, "No, we will not do that." I think we will achieve that.

1710

I conclude by saying—and I was trying to make this point when I was talking to a group of senior managers last week—that as we are restructuring, downsizing and reducing expenditures, demand for our services has never been higher: Social assistance—you've seen the numbers—is going up; educational costs—enrolment is going up substantially in the colleges; health care—demand for that, more expensive procedures and so forth, going up; all of those things. Here we are doing this, while demand for our product's going up as opposed to going down. Given all of those components, if you will, we've taken the problem very seriously and I do think we've got it under control.

Obviously, I'm also cautious in my optimism, given the last couple of years. I'd be foolish not to be extremely cautious. It's been a long time since I've used the term "spot on." Revenues are hard to control in-year. Expenditures we can work at, but with revenues, if they're not coming in, they're not coming in, and that's really what's done us in.

**Mr Cousens:** Your budget has proven that you're biggest gouger in the province's history in levying taxes, but now, after we've seen your budget, you're the most inefficient tax gouger we've come across.

This kind of illustration is one that has been brought forward in the House, about the insurance cost: A company has been chasing down people in your ministry for weeks to try to find out how it will levy its tax. It's a company in Smiths Falls, with a credit insurance



for car loans. They have to put on, by July 1, the new increase for insurance. We're assured by people in your ministry that they'd know what they should do to their computer programs; they've got six days left, maybe five days left to do their computer programming for 100 car dealers on this life insurance package. No answer has come back from your ministry and it's just tremendously disconcerting. It makes me ask, why didn't you have a little more lead time—you were going to do it anyway—a month's difference before you put in all your insurance increases, to make it effective August 1 rather than July 1? That's somewhat similar to a question I asked in the House.

**Hon Mr Laughren:** The longer lead time you have—I thought we did that on—I'm trying to think of the actual commencement date.

**Mr Cousens:** You did it for home brews or the small brewers, but you didn't do it for insurance.

**Hon Mr Laughren:** We didn't give a lead time.

**Mr Cousens:** No.

**Hon Mr Laughren:** No, because of the danger of policies being renewed as new policies, on which then there would be no taxes paid. That was the problem if you allow that kind of lead time, quite frankly. A bulletin went out from the Ministry of Finance to everyone concerned with this right after the changes were announced, almost the next day, I think.

**Mr Cousens:** I'll share the letter with you so that you can see there is at least one person among the thousands I have heard of who are concerned about not getting clear, concise, accurate, quick answers from—

**Hon Mr Laughren:** That hardly makes me a gouger, but go ahead.

**Mr Cousens:** Wait till people start feeling the effects in July.

Can I ask a few questions on the social contract? It's terrible to be so limited in time. How flexible is the government going to be in allowing the sectoral partners to be in negotiating their sectoral agreements? For instance, if a municipality were to defer capital spending of several hundred thousand dollars, would that be something that could be included in the equation?

**Hon Mr Laughren:** You're talking now about a voluntary agreement that would be achieved between a sector and employees. We want to be flexible so that in fact they don't even have to come under the legislation on August 1. But at the same time, we want to make sure they follow the guidelines or the framework of the social contract, which is public sector compensation.

**Mr Cousens:** If they are able to reduce their expenditures by a certain capital amount, will you be able to include that? You've got a lot of freedom for interpretation.

**Hon Mr Laughren:** Wait a minute now. They each

have a target. We reduce accordingly. What we're saying to them is: "That's how much less you're going to get from us. Now you go out there and work it out as to how you achieve that."

**Mr Cousens:** My point is that if they, instead of finding it in salaries, find it in some other budget area, will you allow that?

**Hon Mr Laughren:** I'll call Peter Warrian up here, who's helping us with this.

**Mr Peter Warrian:** I'm sorry, the question is?

**Hon Mr Laughren:** Can the municipalities reduce their capital expenditures in order to achieve their savings? We already have reduced our transfers to them.

**Mr Cousens:** Instead of it turning up in salaries, it's in some other area. The minister has such freedom to interpret things within the sectoral agreement. Could that be something that can help address the cost savings?

**Mr Warrian:** I can comment up to a point. You appreciate that we have negotiations going on with that sector as we're sitting here.

**Mr Cousens:** Choose any mythical situation.

**Mr Warrian:** Within the proposals, the framework we have on the table, there's an allowance to gain savings in areas that are beyond just the narrow compensation base, and they can apply that against their target.

**Mr Cousens:** What are they? Give some examples of things other than salaries that they could find savings in. That's really what I'm asking.

**Mr Warrian:** There are productivity and efficiency gains, elimination of duplication, a variety of those things. It applies in that sector and a number of others.

**Mr Cousens:** Anything else?

**Hon Mr Laughren:** But not capital, I think is what he's also saying.

**Mr Cousens:** That's what I'm trying to find out.

**Mr Warrian:** Not capital. There's a variety of other kinds of efficiencies, waste gains, productivity, that they can apply.

**Hon Mr Laughren:** Keep in mind that this is a public sector compensation issue. That's how it's deliberately framed.

**Mr Cousens:** It's just so difficult to understand, because you have such latitude in the bill. That's why I would ask—it's another question, because I think I heard your answer on this one—when you talk about "substantial support" you can interpret within a sector for an agreement, what kind of objective measurement are you going to use to indicate whether or not there is large sectoral support? For instance, could it be 100 municipalities that are agreeing? Could it be if you talked to five teachers out of all the teachers? You've got a lot of freedom here.

**Hon Mr Laughren:** I don't have all that in front of me now, but I'll ask Peter to comment. Also, I would not want to recognize a sectoral agreement unless there was some substance to it, unless there was substantial sign-on by employers and employees; otherwise, it's not a true sectoral agreement. On the other hand, I don't think it should be held up because there might be one or two recalcitrant groups, whether employers or employees, who didn't want to sign. That would be denying people in that sector access, for example, to the job security fund.

**Mr Cousens:** You've got special circumstances that you can apply in your criteria.

**Hon Mr Laughren:** Yes, but we wouldn't want to use it in a foolish way. That wouldn't benefit anyone. Maybe Mr Warrian would want to comment.

**Mr Warrian:** In the first instance, the parties are at the table negotiating now, the government side, the employer side and the union side; that is going on. So the first test is, do we have a sector agreement where all sides have signed off? That's the first test.

The second test is, having done that centrally, what buy-in, if you like, have we got by the local parties back home, by an individual hospital or municipality etc?

The final circumstance the minister may be faced with is, where there is not a central agreement at all, what level of convergence might there be?

**Hon Mr Laughren:** For example, if there are a whole bunch of local agreements, if there were no central agreement, to what extent could that be deemed to be a sectoral agreement? Obviously, that's a judgement call.

**Mr Cousens:** What I'm trying to say is, would that be 50%? Would you look for at least 50% of all those participants before you would say you have that?

**Hon Mr Laughren:** I think it would partly depend on who they were that had agreed and had not agreed. I'd hate to prejudge that. I'm not trying to be evasive, but I'd sure want to take a look at that on a case-by-case basis before I moved in and said, "I deem there to be a sectoral agreement here," or "There is not."

1720

**Mr Cousens:** Can you give me an example of when you would call it a special circumstance for you to make a decision on something that could influence what you're going to do?

**Hon Mr Laughren:** You mean, to see a sectoral agreement even though there wasn't a—

**Mr Cousens:** You've got that option within the special powers.

**Hon Mr Laughren:** Yes. I just want to make sure we're on the same wavelength here, because sometimes we're not.

**Mr Cousens:** You're the most powerful person in the province now.

**Hon Mr Laughren:** No, no. Why don't I feel that way then?

If, for example, in a sector there was a large number of workers and employers who signed on to an agreement but there was one group of workers, perhaps members of a particular union, or non-unionized, who didn't sign on, but there was substantial agreement on a voluntary arrangement, then I think it would be appropriate to say, "There's enough here to justify an agreement so that people will have access to the job security fund." Because that's an important part of what's going to be happening out there in the next three years.

There hasn't been anything come to me at this point from Mr Warrian saying, "Here's a situation; I recommend to you that you recognize a sectoral agreement here." Did you want to add anything to that?

**Mr Warrian:** No.

**Hon Mr Laughren:** A week from now perhaps he will have, I don't know.

**Mr Cousens:** After this bill's passed, people are just going to have nothing but great respect for your powers, but just how you use them is where you're going to keep that respect or lose it.

**Hon Mr Laughren:** I'm sure it would be foolish to abuse it, but there would be nothing to gain by pretending it was worth recognizing a sectoral agreement if there wasn't. That wouldn't prove very much.

**Mr Norm Jamison (Norfolk):** We're looking at the figures, and we see that certain things have to be done. When you talked about the changes that have taken place out there, the restructuring of an economy, I've sat on the finance and economic affairs committee and I've listened to renowned economists be as wrong as anyone in this room, probably more so, about where the recovery might take place and what type of recovery it might be.

The fact of the matter is that a goodly number of well-paid manufacturing jobs, through the free trade environment and the recession and the globalization effects—many of those companies that used to rely on branch plants have consolidated and those high-paying jobs are not in as great numbers as they were.

Along with that, the plants that are around, for example, the plants we've normally known, like the Stelcos and the resource-based plants, have had an ongoing downsizing in workforce through technology and through flexibility in combination of skills, and older workers, along with all the effects of that—and this is my impression: People who are fortunate enough to be finding work out there are finding work at a lower level of pay.

I guess my question is, with the projections we see



here, there are so many possibilities that would impact the economy of this province even further, and one of them that comes to light is in fact the whole NAFTA situation that's coming down the pipe to us, and our federal government seems to be speeding along the highway with its blinders on at this point.

I just want to really ask you the question, Mr Treasurer, about the importance of making sure that our workforce is well positioned to take advantage of, as we would call it, the value added type of industries that would come this way and really have some understanding of the numbers of industrial value-added-type jobs that would need to come to replace the ones that have left for those various reasons pointed out.

**Hon Mr Laughren:** There are a couple of comments I'd make. One is obviously that the pace of change is much faster as well. It's not just that change is occurring; it's changing at an increasingly rapid rate. And it's changing not just for people who are yet to come into the workforce, but people already there are going to have their jobs changed from under them several times in their worklife.

There was a slide up there at one point that made reference to some training arrangements. One was the steel sector, another was plastics, another was electronics and another was auto parts. What's important about that is that it's recognizing the need for training in existing operations for existing employees. And I think that number was something like 37,000 who have been involved in that so far.

The other part is the \$1.2 billion that we're spending on apprenticeship and training this year. That's another component of it. Also, you look at the sectoral partnership agreement that the Minister of Economic Development and Trade is working on to get sectors to work together, firms within a sector to work together, and on which we are willing to put up some money to help make that happen, because I think that if we're going to be competitive not just among ourselves in Ontario but on a global basis, in some cases industries within sectors are going to have to work together. Any one may not be big enough on its own to get out there and really muscle in on world markets, but if they work together and if Ontario as a province works with them, then I think there's a better chance they'll accomplish that and create jobs here and experience growth.

We have the centres of excellence which we continue to fund in this province. Look at the growth on the auto parts and auto assembly on those early charts that I showed you. That's a high value added sector and we've got to make sure we maintain that. You've seen some very, very exciting announcements by the Big Three in this province. They have put an enormous vote of confidence in this province, they really have, with their investments here. That, to us, is enormously satisfying. We've helped out, we've been there on

training dollars and so forth, but I think that sector is really critical. It is high value added and it's going to continue to be.

I hope we're on the right track. I know that cutbacks are the order of the day or restraint's the order of the day, but one reason for reining in our expenditures is not simply to rein them in but to change our spending priorities into areas that are critical, such as training and education, such as sectoral partnership funds, such as Jobs Ontario Community Action programs. So it's not just spending money the same way. It's saving so that we can spend it in some other way, not deficit reduction for deficit reduction's sake, but to be more strategic, especially in our capital expenditures. That's sort of a rambling answer, but that's what I believe is important that we do, even in tough times.

**Mr Jamison:** What kind of impact do you see, quickly, of the latest news on the type of sanctions that are coming down on the resource-based type of industries?

**Hon Mr Laughren:** The steel industry?

**Mr Jamison:** Yes. What kind of situation does that present to you at this point?

**Hon Mr Laughren:** We are very unhappy about that, and you even saw Mr Wilson, the federal Minister for International Trade, express his dismay at that whole thing. I thought something might happen, but I was struck by how severe the ruling was. But Mr Warrian has spent a good part of his life in the steel industry and I'd ask him to make a couple of comments.

**Mr Warrian:** The dangers are other than the obvious fairness argument of the inequities between US trade law and Canadian trade law. We can all make the fairness argument, but then we get into the practical economic impacts. This is a major threat of blockage from the US market. If we lose access of a million or a million and a half tons of steel, this has potentially devastating impacts on jobs that certainly start to run in the order of 5,000 to 10,000.

Secondly, the nature of the inequities between the rulings handed down from Ottawa versus the rulings handed down from Washington means we are wide open for increased dumping from foreign producers into Canada that can have further impacts on us. Also, you set off a war of position among the Canadian producers. The steel industry's had more than enough problems in recent years, but you set up a further downward spiral for the Canadian producers that is very, very threatening across the country.

1730

**The Chair:** Mr Phillips or Mr Kwinter. I think we'll do five minutes per caucus now, just to divide the time up fairly.

**Mr Phillips:** I think you'd agree that the tax increases are a risk. In your budget you had a statement,

"The recession has ended and the Ontario economy has turned the corner," so I gather the budget was built on the assumption that, as I say, the economy has turned the corner, the recession's over. I'm trying to be completely non-partisan here. I'm just trying to get an assessment from you, Minister, of what the risk is that we will stall the economic recovery with the tax increases.

I remember, I think in your first budget, you did a big job estimate of what would have happened had you taken the taxes up. That's lacking, of course, in this budget. But I wonder if you could comment on what risk we are running with the tax increases—and I appreciate that you've determined that's a risk worth running—and whether the economy is as robust now as you thought it would be when you prepared the budget.

**Hon Mr Laughren:** First of all, yes, when you're preparing a budget you have to really be thinking of that. You have to think of the fairness component, you have to think of the impact on the economy, and to what extent it would stall a recovery that was somewhat fragile to begin with and was going to be a bit bumpy. So you're absolutely right, those are factors you have to think about, and that, quite frankly, was one of the reasons we selected the tax increases we did.

You'd have to start, or at least I had to start it, from the premise that we needed those tax increases. That was the first conclusion I came to, that we have to have a substantial tax increase package. Otherwise you've got it all on the expenditure reductions, and that much extra on expenditure reductions would have caused substantial job losses out there, if you put the equivalent amount into expenditure reductions; I don't know exactly how many, but 20,000 to 30,000 job losses. That, I think, would have been a negative impact on the economy, and we didn't want the deficit to go up by an equivalent amount, so we had to do something to that degree.

So we started from the premise that we needed to have some tax increases and I said what are the tax increases that would be least likely to put a damper on the economic recovery. I think the one that would have been the most difficult to argue would have been a general increase in the retail sales tax. I think that would have put more of a damper on consumption and recovery in the retail sector and so forth. So I think that putting the taxes on income and on the surtax were probably the best options we had, if you accept the assumption that we had to have some tax increases.

If you think we didn't need any, then the whole argument becomes different. So the tax increases we did bring in were almost all on the personal side, either income tax or tax on insurance, group insurance and property insurance and auto insurance, where we don't think it will have a major impact on the purchase of those services. If you combine that with the fact that with a deficit of \$9 billion we're putting in a lot more

in deficit financing than we are taking out in the form of taxes, I think we have gone some way to do that.

You asked about the recovery.

**Mr Phillips:** The risk of these taxes.

**Hon Mr Laughren:** Yes. I think that we minimize the risk. I'm not saying that taxes don't have a dampening influence. Of course, it's taking money out. But I remind you that the recovery is, at this point, largely export-driven. That's what's keeping us going at this point; it is that our exports are high and they continue to be strong.

I think as well that the confidence level out there by the business community, and I think certainly by the rating agencies, was an indication that we did select the best from among difficult choices to get our revenues up to a level that will sustain expenditures and get the deficit going in a downward trend—as Mr Kwinter said, it hasn't so far—to get the deficit going down and get our financial house in order, because I certainly came to the conclusion that we're not in for a one-year problem here or a two-year problem. We're into a new era in which revenues are going to be very tough for the next few years and pressures will continue on the expenditure side. That's obviously why I think we struck the right balance with the tax increases.

**Mr Carr:** I'll ask one and then throw it back to Don, if he has another one.

Regarding the social contract, originally when it came about, the Premier said we could lose up to 40,000 jobs. Knowing now that you'll probably get some sectoral agreements, what are your officials telling you the job losses will probably be? Knowing that some municipalities would be able to do it, they surely must be giving you some figures of what their estimates will be. What's the new, updated estimate of the job losses?

**Hon Mr Laughren:** I'll divide that question into parts, if I might. One is, if we get voluntary agreements that sort things out and take most of the savings out on temporary layoffs, unpaid holidays, the ones that Mr Warrian mentioned about efficiencies, reducing overlap, all that kind of thing, then there should not be very many job losses, if we're able to achieve that.

If, on the other hand, we're not able to achieve that—and, by the way, the job security fund will be a cushion and so forth over three years—and the fail-safe mechanism, the bill, the act, drops into place on August 1, there will be more job losses than there would otherwise be, because the employers will be taking actions to achieve the targets that they've been given, and it won't be, I think anyway, the best way to resolve it.

**Mr Carr:** Would you be able to give us a range? What would the two situations be, 10,000 versus 15,000, 5,000 versus—a ballpark?

**Hon Mr Laughren:** No, nowhere near that, because



regardless of whether or not there are voluntary agreements, the combination of the days off, the voluntary up to 12 days a year and so forth, combined with attrition in the system will mean—really, I don't want to say no jobs, because there will be some, but there won't be very many. Mr Warrian could perhaps be more specific.

**Mr Warrian:** It's difficult to estimate if you don't have agreements, but if the job loss were in the 5,000 range, that's well within the historical attrition rates in the broader public sector. So, net, there wouldn't be any job loss. That doesn't mean there wouldn't be some temporary layoffs, but in terms of permanent layoffs it would be within the range of historical attrition, which is 1.5% to 1.8%. That translates into 15,000 to 18,000.

**Hon Mr Laughren:** I think the comment that the Premier made, to which you referred, of up to 40,000 was made on the assumption that if we didn't have a social contract and we simply went out there and reduced our transfers to the tune of \$2 billion to all the transfer agencies in the province, and there were no agreements on days off and all those kinds of factors, then you could be talking—I think the number's between 20,000 and 40,000, because it's really hard to measure what each organization out there would do. It would be somewhere between 20,000 and 40,000. We think with this it gets down to, I hope, a negligible level.

1740

**Mr Cousens:** It won't be a difficult, long answer in the time we have, but on the status of the fiscal stabilization fund from the federal government—it's a two-part question—I just wondered how much you hope to receive from that fund in this fiscal year. The second part of the question is, what will you do with it? Part (b) to that second question is, is there any chance that could be used to reduce the sectoral targets in the social contract?

**Hon Mr Laughren:** To answer the last question first, no, it wouldn't have anything to do with the targets in the social contract, because that's public compensation we're after there.

On the fiscal stabilization, I was toying with the idea of tying it to the sale of the SkyDome, but I thought maybe I'd better find another way, because we've had equal difficulty in selling the Dome and getting our money.

The most we could get this year from the fiscal stabilization would be about half a billion dollars. Now, last year the most we could have gotten was \$1.2 billion and we got \$300 million. I don't know how much we'll get this year. Actually, there are three different claims in, as I recall, over three different years. It's broken down that way. I don't know how much we'll get. As I said earlier, nobody has shut any doors.

**Mr Cousens:** Then where will it go? What pocket

are you going to put it in?

**Hon Mr Laughren:** It'd come into the consolidated revenue fund and we'd see where we were at. I really don't know what kind of pressures there'll be by that time of the year.

**Mr Cousens:** It'll help Mr Kwinter's numbers. It'll give you some flexibility where you didn't have it before.

**Hon Mr Laughren:** Yes. As a matter of fact, my instinct would be to get the deficit down even more. I'm so cautious about any windfall in revenues that I think it jinxes the whole process when I express optimism, because in the last couple of years the revenue picture's been awful. If we were to get the money, I'd be surprised.

The Premier phoned me one day and said: "I've got good news for you. I just heard you had a big increase in revenues." I hung up on him. He phoned me back and said, "What did you hang up for?" I said, "I knew it was a hoax call." It couldn't be true and it wasn't. All I'm saying is that I'm very cautious on that. We still believe we're entitled to it. It's still there and they're still working away. It's an incredibly complex process, the fiscal stabilization, more than I certainly thought it was at the beginning.

**Mr Peter North (Elgin):** Treasurer, I have four short, simple questions.

**Hon Mr Laughren:** Oh, yes? Those are the dangerous ones.

**Mr Cousens:** We tried that too.

**Hon Mr Laughren:** I've seen these before.

**Mr North:** The first one is, sales tax is worth what, about a billion dollars a percentage point?

**Hon Mr Laughren:** Yes, more or less.

**Mr North:** There are a lot of questions about tax versus investment in Jobs Ontario and things like that, so could you just tell us what the difference is? Why not cut 1% of the sales tax rather than putting \$1 billion into Jobs Ontario?

My second question is, I looked at the number in the resources sector and it was substantially lower than the rest for output and employment growth. What impact do you think that will have on the north?

**Hon Mr Laughren:** Any particular north?

**Mr North:** Not this particular North; just northern Ontario, Floyd.

**Hon Mr Laughren:** Sorry, Peter.

**Mr North:** My third question relates to Mr Jamison's question about steel. I look at the numbers of the Big Three and I see Ontario assembly and Ontario parts, and the numbers are fairly substantial in terms of growth. I wonder if the problem that we're having with steel will have any substantial effect on that growth.

My fourth question has to do with Mr Phillips and his numbers of 12% and 14% and his concern about the unemployment rate staying so high. The one thing I wonder about that is that although it's placed in our lap, no one can actually attribute a percentage or anything else that would actually be "our fault," if there is fault to be taken for this.

I want to ask you a very simple question about that. Two scenarios: If we were to put an additional \$5 billion into job creation, what effect would that have on the unemployment rate in this province. Or if we were to take \$5 billion out of taxes, what effect would that have on unemployment in this province?

Those are my four questions.

**Hon Mr Laughren:** Okay, I'll try and be very brief. Reducing taxes: I'll deal with that one because it links to your first one about why not reduce the retail sales tax a point rather than put a billion dollars into something else. We actually did some numbers on this, ran out some models on this. To lower the unemployment rate 1%—I think Mr Phillips has probably heard me mention these numbers before—would require a tax reduction of \$6 billion. Correct me if I'm wrong here, folks. To lower the unemployment rate through govern-

ment spending, you'd have to spend \$4 billion. Just to put that in perspective, if we wanted to lower the unemployment rate 1%, we'd either have to go out and spend \$4 billion directly on job creation, and that's net—

**The Chair:** I'm sorry, Mr Laughren. I'm going to have to interrupt you. We're being called for a vote and we've got only four and a half minutes to go.

**Hon Mr Laughren:** Okay.

**The Chair:** We are recessed. If the vote takes us beyond 6 o'clock, I want to thank you and your staff for coming.

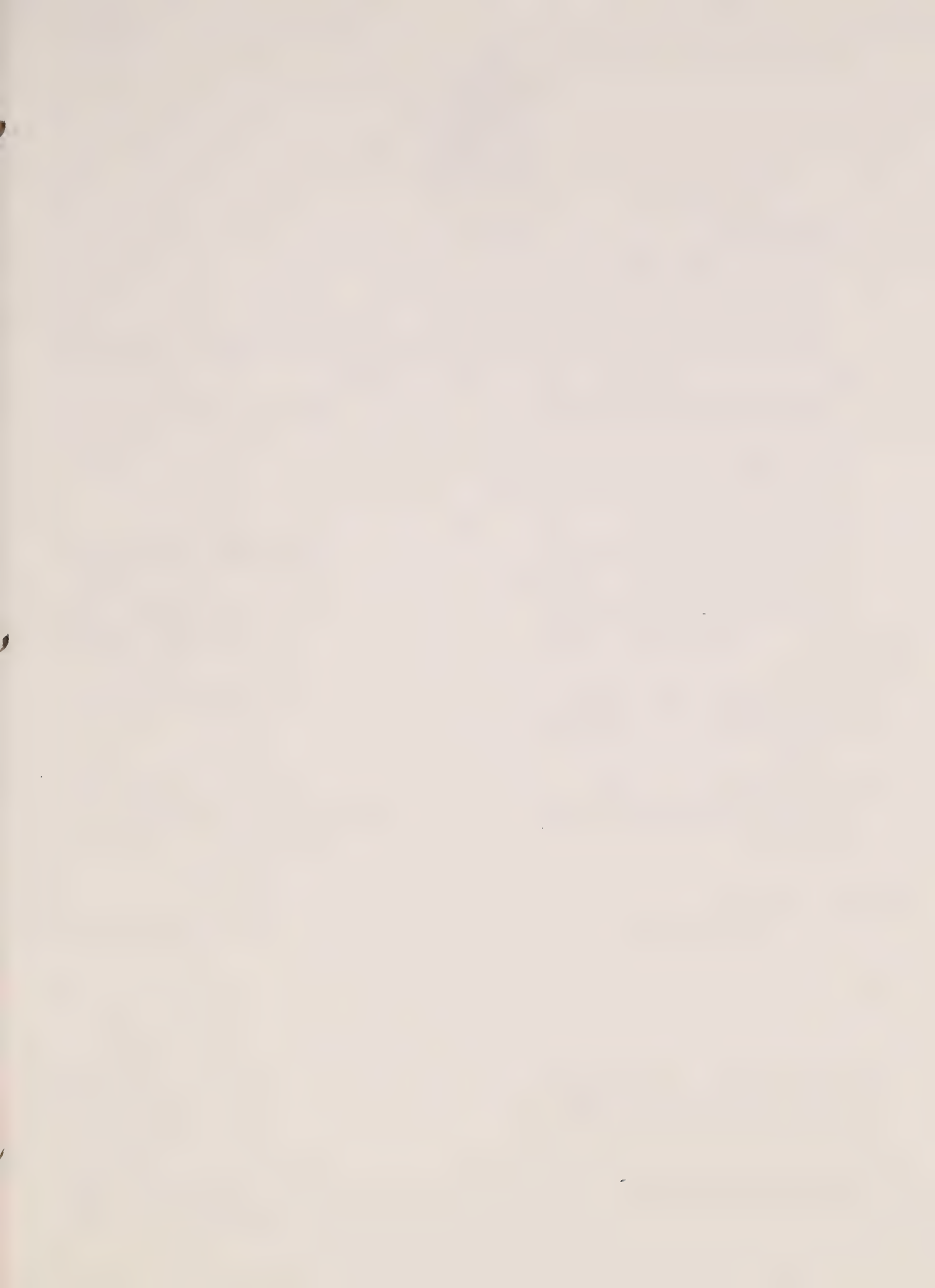
**Hon Mr Laughren:** Could I say, Mr Chairman, I appreciated the tenor of the questions and I express my appreciation to the staff from the Ministry of Finance, who make my life bearable in these situations. Thank you all very much.

**The Chair:** With respect to the time and the vote, this committee is adjourned. I would also like to say just to the members that we will probably have a subcommittee meeting on Monday to deal with Bill 17. We'll notify you about that.

The committee adjourned at 1747.









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### STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

**\*Chair / Président:** Johnson, Paul R. (Prince Edward-Lennox-South Hastings/  
Prince Edward-Lennox-Hastings-Sud ND)

**Vice-Chair / Vice-Président:** Wiseman, Jim (Durham West/-Ouest ND)  
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**\*Carr, Gary** (Oakville South/-Sud PC)

**\*Cousens, W. Donald** (Markham PC)  
Lessard, Wayne (Windsor-Walkerville ND)

**\*Jamison, Norm** (Norfolk ND)

**\*Kwinter, Monte** (Wilson Heights L)

**\*Mathyssen, Irene** (Middlesex ND)

**\*North, Peter** (Elgin ND)

**\*Phillips, Gerry** (Scarborough-Agincourt L)  
Sutherland, Kimble (Oxford ND)

*\*In attendance / présents*

**Substitutions present / Membres remplaçants présents:**

Frankford, Robert (Scarborough East/-Est ND) for Mr Wiseman  
Wood, Len (Cochrane North/-Nord ND) for Mr Sutherland

**Clerk / Greffière:** Grannum, Tonia

**Staff / Personnel:** Campbell, Elaine, research officer, Legislative Research Service



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## Assemblée législative de l'Ontario

Troisième session, 35<sup>e</sup> législature

# Official Report of Debates (Hansard)

Thursday 29 July 1993

# Journal des débats (Hansard)

Jeudi 29 juillet 1993

Standing committee on  
finance and economic affairs

Comité permanent des finances  
et des affaires économiques

Subcommittee report

Rapport de sous-comité

Chair: Paul R. Johnson  
Clerk: Tonia Grannum

Président : Paul R. Johnson  
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## STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Thursday 29 July 1993

The committee met at 1008 in committee room 1.

## SUBCOMMITTEE REPORT

**The Chair (Mr Paul R. Johnson):** The standing committee on finance and economic affairs will come to order. I would like to start this morning by reading into the Hansard the report of the subcommittee:

"Your subcommittee met on Wednesday 28 July 1993 and recommends the following with respect to Bill 8, Ontario Casino Corporation Act, 1993:

"(1) The committee will begin hearings the week of 16 August 1993 in Windsor, Ontario. It was further agreed that:

"(a) The afternoon of 16 August 1993 the minister and officials from the Ministry of Consumer and Commercial Relations be invited to brief the committee. Public hearings will be held in Windsor for the remainder of the week.

"(b) The week commencing 23 August 1993 public hearings will be held in Toronto, at Queen's Park.

"(c) The week commencing 30 August 1993 the committee will conduct public hearings in Sault Ste Marie, Ottawa and Niagara Falls, subject to travel arrangements.

"(d) Clause-by-clause consideration of the bill will commence 7 September 1993.

"(2) The clerk of the committee shall send a letter of invitation to appear before the committee to the host city/town/corporation the committee will be travelling to.

"(3) The clerk of the committee shall place an advertisement in all daily newspapers the first week of August 1993 inviting the public to participate in public hearings on Bill 8, Ontario Casino Corporation Act, 1993.

"(4) Scheduling will be done on a first come, first scheduled basis. All others will be placed on a waiting list and invited to submit in writing.

"(5) All witnesses will be given half-hour time slots for their presentations.

"(6) The researcher will prepare as complete a summary of recommendations as possible.

"(7) Pursuant to the standing orders, all members of the Legislative Assembly will have an opportunity to participate in the public hearings.

"(8) The Chair is authorized to approve any minor details which have been overlooked."

**Mr Gary Carr (Oakville South):** I have a question regarding the subcommittee. As you know, I sit on it

and I wasn't there, so maybe I could get some clarification.

In speaking with Ernie Eves who was there, there was also some talk about having the people who are receiving the bids come in, and I wondered where that was at. I think the government was going to go back and speak to the House leader.

**The Chair:** Mr Duignan was going to look into that particular issue and get back to the committee.

**Mr Carr:** He's still looking?

**Mr Noel Duignan (Halton North):** I raised that particular point with the ministry yesterday. We're still looking into the legality of it right now. I spoke briefly to Carman yesterday and to Ernie Eves. As soon as I have some information, I will be getting back to both Carman and Ernie Eves on that.

**Mr Carr:** I'll move the adoption of the report.

**Mr Duignan:** Just a minor amendment or whatever to that: The Coopers and Lybrand report will be released within the next week to 10 days. I have a recommendation to the committee that we set time aside in the Toronto public hearings for a briefing by Coopers and Lybrand on the report and have an opportunity for the members to ask questions of Coopers and Lybrand.

**Mr Carman McClelland (Brampton North):** Just one point: Will the report be released prior to that for an opportunity to review it? Do you know offhand, Noel?

**Mr Duignan:** The report will be released within the next two weeks, prior to the start of the public hearings.

**Mr McClelland:** My question is, will the briefing with the authors of the report, the representatives from Coopers and Lybrand, be concurrent with the release of it, or will we have an opportunity to review it somewhat ahead of time? Do you know offhand?

**Mr Duignan:** I don't know offhand.

**Mr McClelland:** Okay, thanks.

**Mr Tony Martin (Sault Ste Marie):** Can we be more specific on part (c) of (1)? When are you going to be in Sault Ste Marie, for example?

**Mr McClelland:** You don't have an interest in that, do you?

**Mr Carr:** Whatever day you're there, we'll be there.

**The Chair:** We have a report before the committee right now and we have an amendment to the report, but I also want to bring to the attention of the full committee that, although we have a report of the subcommittee, this may be amended by the fact that we are only



authorized one week of travel. That compounds the report of the committee, because you will note that within that report there is more than one week of travel.

We will have to ask for permission or authorization from the Speaker if we choose to continue with the report of the subcommittee as it is. The consequence of that, of course, will be that we will have a budget shortfall in the fall and that may preclude us from any further travel with regard to this year.

**Mr Duignan:** Mr Chair, it doesn't stop the committee from submitting a further request or amendment to the budget to the Board of Internal Economy for the winter sittings.

Just a point of clarification on number (7), "All members of the Legislative Assembly will have an opportunity to participate in the public hearings": I understand that maybe members who are not regular members of this committee will be participating. Do they get to ask questions only after all the regular members of the committee have had an opportunity to ask questions?

**The Chair:** That is something that will have to be decided among the committee. I was going to undertake, as the Chair of the committee, to meet and talk with at least one interested participant of the Legislative Assembly and see if we couldn't agree to some format that would be acceptable to the committee and to that participant.

**Mr Duignan:** May I suggest that this particular item be taken up at the subcommittee?

**The Chair:** I think it's clear that the standing order says they have the opportunity, but what we have yet to determine is simply how that will be arranged within the committee. Number (7), as it stands, is quite all right. It's just that we have to determine how we fit in anyone from the Legislative Assembly who wants to deal with this committee and this bill.

**Mr Duignan:** As you may be aware, each participant has a half-hour to make a presentation and they may or may not choose to leave time for the members of this committee to ask questions. Therefore, if they only leave five minutes for the members of the committee to ask questions, the division of time would be less than two minutes per each side of this committee.

**The Chair:** I understand that, and that's why if I could have a chance to speak with one participant—I'll be very frank and say the member for Victoria-Haliburton, who plans to participate fully in the proceedings that we're undertaking—if I can have an opportunity to speak with him and then talk with the committee, maybe we can come to some agreement as to what we think is fair and equitable from all perspectives.

**Mr Duignan:** I leave it in your good hands, Mr Chair.

**Mr George Dadamo (Windsor-Sandwich):** I don't know if this is the right time to do this, and it may be trivial, but on (1)(c), the week commencing August 30, August 30 would land us in Sault Ste Marie and August 31 is a Tuesday. Is that week not festivities for Labour Day? Some of us may be getting invited to Labour Day parades.

**Mr Martin:** Some of us may not.

**Mr Dadamo:** For those of us getting invited to Labour Day parades.

**The Chair:** We didn't actually discuss that in the subcommittee. I think if it's that important for any individual member of the committee to attend a Labour Day parade, then it may be the type of circumstance they would have a sub on.

Labour Day is officially on September 6. Is that what I heard? Okay. The committee won't be meeting on September 6 so that shouldn't be a problem, Mr Dadamo.

We have two amendments to the subcommittee report. The second amendment was that the Coopers and Lybrand report be presented at—

**Mr Duignan:** That Coopers and Lybrand be invited to this committee to give a briefing on its report.

**The Chair:** Okay. Is everyone clear on the amendment? All in favour? Carried. The first amendment was—

**Mr Duignan:** There was only one amendment.

**The Chair:** There was only one amendment? I stand corrected. The one and only amendment is carried then.

It has been moved by Mr Carr that the report of the subcommittee, as amended, be accepted. All in favour? Opposed? Carried.

**Mr Martin:** I'd like to know when we will know for absolutely certain about the travel arrangements, because some of us may have had plans to inform people in our communities about the fact that the committee may be coming. We don't want to do that and then have to turn around and say: "Oops, we're sorry. It ain't going to happen." When can we know for sure?

**The Chair:** I'll ask the clerk to give you some specifics on that.

**Clerk of the Committee (Ms Tonia Grannum):** Now that the subcommittee report is adopted, I can start the travel arrangements. As soon as I know, I'll let all the members of the committee know. I'll give you the itinerary and give you the dates. It's determined on whether we can get travel connections and arrangements to the different locations.

**Mr Martin:** Okay. You'll let us know ASAP.

**Clerk of the Committee:** As soon as possible.

**The Chair:** We're assuming we're going to get authorization for the extra travel as well.

**Mr Duignan:** I don't believe there'll be any problems.

Just a quick comment on the ads in the newspaper: I thought they were being put in next week for Windsor.

**Clerk of the Committee:** The week of August 1.

**Mr Duignan:** That's next week, isn't it?

**Clerk of the Committee:** Yes.

**Mr Duignan:** So it is.

1020

**The Chair:** There are a couple of other issues that I have to raise with the committee. One is witness fees. Is it the committee's wish that witnesses be compensated in some way for attending if they request it?

**Mr Martin:** That's a good idea, I think, in light of this being a democratic process and wanting people to come in and speak from all over the province. We're not going everywhere in the province, so those who can't afford to come should be offered some assistance in trying to get there to present. I think that's a good idea.

**The Chair:** Any other comments?

**Mr Monte Kwinter (Wilson Heights):** I would oppose witness fees. I think that it sets a precedent. It lends itself to all kinds of potential for problems.

It would seem to me that the tradition of committees that have been travelling around the province, as far as I know—I stand to be corrected if there was a precedent for witnesses, but it would seem to me that those people who are interested in appearing—and I don't want to put a negative cast on this thing. We're talking about a 30-minute presentation, and if there's anybody who thinks that their 30 minutes is going to be of any great significance, then they haven't been at committee hearings.

This is a pro forma exercise to give people a chance to present their views, and it would seem to me that given the fact that it's on a first come, first served basis—historically sometimes these committee meetings get packed by interest groups which make sure that their people are there, and to be paying for the honour of having that done to us I think is unconscionable. I'd oppose it.

**Mr McClelland:** I couldn't have said it better myself.

**Mr Carr:** The only thing I was going to point out is that I think it's been done in the past when we've had meetings only in Toronto and only on a selected, real-need basis, looking individually.

The only thing I would point out is that it looks like we are going to all corners of the province. We're going to the northeast and the southwest a little bit, I guess—Niagara Falls—so it isn't as if there would be a tremendous amount. I would agree with Monte. I don't think the expense of driving in would be so great that it

would preclude a lot of people.

I don't think we should be engaging in this at a time when we're trying to keep the expenses down. Obviously any written briefs could still be accepted from people who, for whatever reason, don't have enough money. As we know, they can be just as effective as an oral presentation.

**Mr Martin:** Maybe this is another example of those of us who come from northern Ontario being somewhat more sensitive to the great difficulty and expense in travelling to participate in the process of government.

Yes, it looks like we're going to Sault Ste Marie. From the boundary of Manitoba to Sault Ste Marie covers a lot of territory. The possibility is that people up there feel that they may be impacted by decisions this government may make around this issue, and it's a long way and it's an expensive proposition for some folks.

If we really believe, and I do, that this is a valuable exercise we go through, that it's a chance for us to get out there with a piece of legislation and hear what the folks who live in our communities and who will be impacted ultimately by decisions we make think about it, then if in the odd circumstance somebody really wants to come and can't because they can't afford to, I don't think it's really fair.

Being from a part of the province that's a long way away from the Golden Horseshoe, I have felt over the years a real disincentive and barrier to my full participation in what happens down here. Actually, it becomes a negative thing in that a lot of people simply lose interest in the matters of government because they aren't able to participate in this way. That would be one more reason for me to support it, as I said, in the odd instance.

I have to say that on a number of occasions in my last two and a half to three years here, I have encouraged some people from the north to appear at committee and have been able to get them some assistance to come. They have come and have made a valuable contribution, and I think we should be continuing that precedent. In my experience, it hasn't been abused. It's been used by people who really felt they had something to offer and genuinely couldn't come otherwise.

**Mr Duignan:** First of all, it's not precedent-setting. I've sat on committees where we've actually paid for people to appear as witnesses in front of committees.

The reason we're going to Windsor, Niagara Falls, the Sault and Ottawa is to give an opportunity for those people in those various regions to appear in front of this committee. The only problem with Sault Ste Marie is that most people don't consider it in the north. Thunder Bay and Kenora are a long way away from the Sault. Maybe we could look at those groups interested in appearing from Kenora and Thunder Bay and help some



of those people with assistance to get to Sault Ste Marie.

Certainly, eastern Ontario is within driving distance of Ottawa; the near north is within driving distance of the Sault; and the Golden Horseshoe, Niagara Falls and southwestern Ontario to Windsor. Maybe we should just look a little favourably on some of those communities in the north, certainly those which are in excess of 400 miles from Sault Ste Marie.

**Mr Kwinter:** If I could add another practical comment, under the structure of our committees, each deputant, each presenter, is given a half-hour to make their case. They are told by the Chairman, usually, that they have a half-hour and that they can use the time, but they're encouraged to leave some time for questions and answers. It is quite possible, sometimes quite usual, that people will come in and read prepared remarks for a half-hour, and at the end of that half-hour, we say, "Thank you very much; your time is up," and there's no time for questions.

It would seem to me that we could be in a situation where we are in fact paying people to come in and read their presentation when they could just as easily have sent the presentation to the same effect.

As a result, it seems to me that in a time of constraint and a time when we are trying to take a look at the money that is being spent, I don't see a very compelling reason to be paying people to come to make these representations. If they can come, that's great, and if they can't, they have the ability to send their comments and they would be included in a report and would have basically the same effect.

**Mr Dadamo:** I don't want to belabour the point, but Mr Kwinter, I really believe you're right on. I believe there's going to come a time when people will be of the mindset in this province that we can no longer afford to have them travel in from all corners of the province to be making submissions. I think we're slowly getting there. In times of cutbacks, when we're taking cutbacks and they're taking cutbacks, I think they will understand that it's an expensive proposition and that we can no longer afford to do so. If they can't come in to do the 15- or 20-minute presentation, I'm sure they can also submit it by mail and understand that whether you do it in person or do it in document form, it carries equal weight. I think I would support Mr Kwinter.

**Mr Peter North (Elgin):** I wanted to ask a question on the report basically, not on this particular issue but on another issue. Can I do that?

**Mr Duignan:** Let's deal with this issue first.

**The Chair:** I'll come back to you, Mr North, if we can just conclude with this issue.

**Mr Martin:** I understand where Mr Kwinter and others are coming from. I would be disturbed too if it became an issue of us spending piles and piles of

money to bring people in.

Is there any way some process could be set up—I also sat on a committee where people were able to phone in and we were able to ask questions of them. The technology was there; it was actually quite amazing, the clarity of the voice, and the interaction was good. We have a lot of things in the north now, such as Contact North, where we do education in that way. It may be something, given that we're dealing with this question, that we might want to consider looking at. I don't think it's that difficult to tap a phone line into the intercom system we're using and to give an opportunity for questions to be asked. I would suggest that's maybe something we might want to look at if we're interested in hearing from people and if we're also interested in cutting down on the cost of doing this.

The other thing, Mr Chair, is that I assumed this kind of thing was for some reason or other automatic, that somehow this was covered under some standing order, because every time I phoned in the past to get some people on to committee, where they couldn't afford to come down, I was able to make it happen.

1030

**The Chair:** It's a decision of the committee. Sometimes the committee agrees that witnesses will be reimbursed for their travel to the particular venue, and sometimes they make other arrangements, such as allowing the Chair or the Chair and the subcommittee to determine whether the circumstances are extenuating enough to reimburse prospective participants for their travel. It's not in the standing orders that witnesses automatically get reimbursed.

I want to go just a little further with regard to your suggestion that we have a phone-in show or a phone-in opportunity. In a sense, I guess that could preclude any travel, if we were going to have an opportunity like that. I just wanted to raise that point. If we were going to have a phone-in show, we could probably do it entirely from this room, or a room that had the facilities to do that.

**Mr Martin:** In some instances maybe never even leave Queen's Park, and that does a disservice to those in the hinterland who want to participate in this process.

**The Chair:** Yes.

**Mr McClelland:** I offer this in a glib way: Maybe Ross Perot's electronic town hall meeting might be initiated by Mr Martin, in the final analysis.

Just by way of reflection, and not to belabour the point, I think there have been circumstances where a committee, because of the technical nature of a piece of legislation or particular circumstances, invites particular groups and in so doing offers some reimbursement of reasonable travel expenses, particularly if it's not-for-profit organizations and so forth.

I think what we're discussing here, though, raises

another issue. Perhaps, Mr Johnson, in your capacity as Chair, you could talk to other chairpersons or perhaps suggest that there might be some general policy, because it seems to me that every time we've gone for a bill, we tend to go through the same kind of discussion. Quite frankly, I think it leaves you and other committee members and staff in a difficult position, because there's an ebb and flow to it, depending on the circumstances at the time, the particular mood in the province. I think Mr Dadamo makes a good point: There's a mood right now that's very sensitive in terms of expenditures.

The other thing is that I understand there has always been provision for extraordinary circumstances. I'm not trying to be coy about this; this is on the record, so I'll just be candid, and I spoke to my friend Mr North about it. You get into the difficulty, it seems to me, when you say we're going to pay travel expenses, of determining who is eligible and who is not. That creates a problem and almost becomes a self-fulfilling prophecy, if you will.

That's why I think that if, in a general sense, we established policy, then you don't have to flag it. I say this with due respect to the people who may read this on the record; I don't think people sit around and read Hansard late at night, but if you hear what I'm saying, I think you create a situation where you say expenses and you have *x* number of people: How do you make that determination?

In your capacity as Chair, you could perhaps broach the subject with the appropriate people, perhaps the House leaders ultimately, and the Board of Internal Economy, to set a policy for extraordinary circumstances when people make a request, so you're not caught in that sort of catch-22 of saying, "Hey, we have expenses but we really don't want to encourage it." It really puts everybody in a no-win situation. I'll just leave that with you for your consideration.

**The Chair:** Mr McClelland, I appreciate your remarks. That's something beyond the role of this Chair and this committee, but I agree with you that it is something that maybe should be looked at very seriously by a group, whether it's—

**Mr McClelland:** With respect, I think in your capacity as Chair you could just write a letter and say: "It's come up again. Here is yet another circumstance. Perhaps we could develop some policy down the road."

**The Chair:** Right. But in the meantime we have to deal with this issue currently. I know there have been many ways this has been handled in the past. It's been suggested that witnesses receive compensation; it's been suggested that they don't. Sometimes the committee agrees with that; sometimes it becomes a contentious issue. There are other opportunities where, as I said before, the Chair or the Chair and the subcommittee can look at requests to see whether the circumstances are

extraordinary, extenuating, and then grant that request.

I'd like to think that at this point in time, because there is no order that suggests witnesses be compensated for their travel to the committee, we don't advertise that it's an option but that if a request is made, we deal with the request as it becomes necessary.

**Mr McClelland:** On an individual basis.

**Mr Duignan:** Call the question.

**The Chair:** I'll call the question before the committee. Shall witnesses be compensated for their expenses to travel?

**Clerk of the Committee:** Upon request.

**The Chair:** Upon request?

*Interjections.*

**The Chair:** Well, let me put it to the committee this way, then. Basically, the question is: Shall witnesses be reimbursed for their expenses?

**Mr Martin:** That's a whole different question.

**The Chair:** Yes, it is, but I'm going to ask more questions. I want to ask that one first.

**Mr Dadamo:** That's the initial question. The initial question should be: Should they be reimbursed for their travels to come before us? That's question A. But if you tag on an amendment as to special cases and stuff like that—

**The Chair:** Yes, I was going to do that, Mr Dadamo.

**Mr Dadamo:** —it certainly won't take long for the word to get out that, "Hey, they'll pay if you ask." That's not what we're dealing with here.

**The Chair:** Yes, it's a complex issue. Then I would suggest—and it's only a suggestion; I'm in the hands of the committee—that given the scope of debate we've had so far, we certainly not advertise that compensation's available and not agree to any kind of compensation; however, should a request come from any potential participant, that the Chair and the subcommittee deal with that request.

**Mr McClelland:** To bring it back?

**The Chair:** Do we want to have a committee meeting, Mr McClelland?

**Mr Martin:** That would be acceptable to me.

**The Chair:** The question I'll ask is: Shall the Chair and the subcommittee be authorized to consider reimbursing, for their travel, witnesses with extraordinary and extenuating financial circumstances and expenses? Is that agreed? I might add that the subcommittee may not think it's appropriate.

**Mr Duignan:** Agreed, Mr Chair.

**The Chair:** Is it agreed? Agreed. Thank you very much, committee members.

We have one more issue I would like to raise; that is, does the committee want or wish—



**Mr Duignan:** Peter wants to raise something.

**The Chair:** That's right: two more issues. Let's go with Mr North first.

**Mr North:** I don't know how to place this question. I guess the easiest way is just to ask. When the subcommittee had its discussions, given the circumstances of this particular issue where it pertains to the native community, was any consideration given to having a meeting of some description in a native community?

**Mr Duignan:** It was felt that if we chose a particular first nations community to go to, it could be perceived within that community that we were giving preference to that particular community over other communities. They will have the right to come in and make a presentation to the committee, whether it's in the Sault or Windsor or Niagara Falls or Ottawa. The subcommittee could choose to set aside some time, for example, in the Sault to strictly hear just submissions from the first nations community.

**The Chair:** Certainly, given the range of venues that we've established, all peoples of the province of Ontario have an opportunity to travel and participate if they choose to, and they can certainly send in written submissions as well. I know that at these venues there are first nations aboriginal reservations, as they're often referred to. Homes of aboriginal peoples are close to these venues, and if they choose to attend then they will be under no more nor less difficulties than anyone else who chooses to attend.

**Mr North:** The reason I asked this question is because everyone who sits on this committee and everyone who has been familiar with a native community at all understands that there appears to be a position with native people that I would be interested in hearing, either from the Chiefs of Ontario or from someone. I think their feeling is that this committee will not be making a decision for them, and I would be curious to hear what decisions they're planning on making where it pertains to this particular issue. I think if we had either asked or invited, through the Chiefs of Ontario, we could have found some kind of "neutral ground" on which to speak to them.

I know my fellow committee members probably think I shouldn't be asking these types of questions, but I'm very curious about what decisions they're planning on making and it would be interesting to hear what they have to say.

**The Chair:** We don't want to exclude anyone, certainly, in this process; that's clear. It would be determined by this committee, should we want to send a request to the Chiefs of Ontario or to the first nations asking them to make a presentation if they choose. I don't think that's an unreasonable request.

**Mr McClelland:** Far be it from me to even presume for a moment to speak on behalf of the government.

Perhaps the parliamentary assistant would like to comment further and clarify. Just by way of information, I'm sure that in the technical briefing on the first day the minister will share with us in some detail what has transpired.

I want to say on the record that the minister has been very gracious, together with the project team, to brief myself and, I suspect, as well my colleague Mr Eves.

There are some very sensitive negotiations that are taking place concurrently with first nations people. My understanding is that they will be advised both directly and indirectly through the advertisement and may on their own volition choose to appear before the committee, or choose not to, inasmuch as they're making a decision about whether they want to participate in this or continue their parallel negotiations.

As you know, there are some sensitivities in terms of jurisdiction, both federally, criminal law and so forth, and constitutional issues as well. There's also some 128 bands involved, with I believe 16 spokespersons speaking on behalf of those 128 bands, so the dynamics and the complexities multiply.

In that context, I just want to reiterate what you said, Mr Johnson. I think the invitation is made both in the general sense and through the office of the parliamentary assistant specifically to those individuals.

I don't want to speak on your behalf, sir, but the information is out there, they're very much aware of what's taking place and they're making decisions, as is their right, whether or not they should participate in this or continue their own discussions separate and apart from Bill 8.

As you know, without getting into all the issues, they see that there are issues that go much beyond the scope of Bill 8 per se. In that context, I think we may be overstepping, in some senses, the jurisdictional responsibilities that we rightly have with respect to this legislation. I just leave that for your consideration.

I also want to note that I appreciate your sensitivity to it, Mr North. I think it speaks very well of your sensitivity to that issue and I commend you for that.

**Mr Duignan:** Carman said a lot of what I was going to say. This is a very sensitive issue. There are ongoing negotiations with the native communities, some really sensitive issues around the whole question of legalities and the Constitution. To pick a particular native community to go into could be seen as giving weight to a particular application coming from that native community, and we don't want that to happen. But they will get a general invitation, like everybody else, to appear. They know what's going on here. The negotiations are continuing, and they're at a very sensitive stage at this point.

**The Chair:** Mr North, any further comments?

**Mr North:** No, thank you.

**The Chair:** We have one final issue of business; that is, I want to ask the committee, do you want the ministry staff to be present throughout the hearings?

**Mr Duignan:** I understand it's the intent of the ministry staff to be continuously at these hearings throughout the four weeks.

**The Chair:** That answers that question very directly. Is there any further business anyone would like to raise at this time?

**Mr McClelland:** Off the record? Does this mean Monte Carlo and Reno are out?

**The Chair:** I think it's very clear as a result of the report, Mr McClelland, that those venues are out.

If there's no further business, then this committee stands adjourned.

The committee adjourned at 1045.









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Prince Edward-Lennox-Hastings-Sud ND)

**Vice-Chair / Vice-Président:** Wiseman, Jim (Durham West/-Ouest ND)  
Caplan, Elinor (Oriole L)

**\*Carr, Gary** (Oakville South/-Sud PC)

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Mathysen, Irene (Middlesex ND)

**\*North, Peter** (Elgin ND)

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**\*Sutherland, Kimble** (Oxford ND)

*\*In attendance / présents*

**Substitutions present / Membres remplaçants présents:**

Dadamo, George (Windsor-Sandwich ND) for Mr Jamison

Duignan, Noel (Halton North/-Nord ND) for Mr Wiseman

Martin, Tony (Sault Ste Marie ND) for Mrs Mathysen

McClelland, Carman (Brampton North/-Nord L) for Mr Phillips

**Clerk / Greffière:** Grannum, Tonia

**Staff / Personnel:** Luski, Lorraine, research officer, Legislative Research Service



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Troisième intersession, 35<sup>e</sup> législature

# Official Report of Debates (Hansard)

Monday 16 August 1993

# Journal des débats (Hansard)

Lundi 16 août 1993

**Standing committee on  
finance and economic affairs**

**Comité permanent des finances  
et des affaires économiques**

Ontario Casino Corporation Act, 1993

Loi de 1993 sur la Société  
des casinos de l'Ontario

Chair: Paul R. Johnson  
Clerk: Tonia Grannum

Président : Paul R. Johnson  
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## STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Monday 16 August 1993

The committee met at 1402 in Cleary International Centre, Windsor.

## ONTARIO CASINO CORPORATION ACT, 1993

LOI DE 1993 SUR LA SOCIÉTÉ  
DES CASINOS DE L'ONTARIO

Consideration of Bill 8, An Act to provide for the control of casinos through the establishment of the Ontario Casino Corporation and to provide for certain other matters related to casinos / Loi prévoyant la réglementation des casinos par la création de la Société des casinos de l'Ontario et traitant de certaines autres questions relatives aux casinos.

**The Chair (Mr Paul Johnson):** I'm bringing the standing committee on finance and economic affairs to order. The order of business, as I'm sure most of you know, is Bill 8, An Act to provide for the control of casinos through the establishment of the Ontario Casino Corporation and to provide for certain other matters related to casinos. This is the very first day of a number of days over four weeks that we're going to have public hearings with regard to Bill 8.

Today our agenda calls on the Honourable Marilyn Churley, MPP and Minister of Consumer and Commercial Relations, to make a presentation with regard to Bill 8. I want to say it's a pleasure to be here in Windsor, the first venue for these hearings, and I certainly welcome all the committee members on behalf of the committee as the Chair. I know there are many interested members of the public here today.

**Mr Wayne Lessard (Windsor-Walkerville):** Mr Chair, I just want, on behalf of the community of the city of Windsor, to welcome yourself and the members of the committee and also the minister here to the city, as well as the support staff from the ministry and also the staff from the Legislative Assembly: the researcher, people from Hansard and the clerk and the translation services. Of course, when I mention Hansard, I just want people here to know that everything that's being presented to the committee is going to be recorded and will be available to people.

I'm happy that the committee made the decision to spend four days here in the city of Windsor, because this gives committee members one of those rare opportunities to actually see what Windsor has to offer with respect to tourism amenities. I hope that committee members take an opportunity to do that. I've asked the convention and visitors bureau to make sure that a package is available to committee members so that they can do that.

My wife appreciates that fact as well, because this is

the first opportunity since being elected in 1990 that I'm going to be able to walk to work every day. With that, I once again want to welcome the committee and hope we have an enjoyable week here in Windsor.

**The Chair:** We have before us, committee members, our agenda over the next short while, and certainly we know that today the minister is going to be making a presentation. Did any of the committee members have anything they wanted to offer before I turn the floor over to the minister?

**Mr Carman McClelland (Brampton North):** Briefly, will there be an opportunity for some brief response from opposition, or are we going strictly with the technical briefing up front this afternoon?

**The Chair:** I'm certainly in the hands of the committee, but I understand that the minister does have a presentation that's somewhere in the neighbourhood of 30 to 40 minutes. We could at that point entertain some questions. We could also continue to hear the technical briefing, which may be of considerable value to the members because it may answer some of their questions, and therefore it would be more convenient and maybe more efficient to hear both the minister and then the technical briefing in that order and then open the floor to questions.

**Mr McClelland:** I agree, Mr Chair, that it may in fact pre-empt some of the questions, but I'd appreciate the opportunity to at least have a brief discussion with the minister following proceedings.

**Mr Monte Kwinter (Wilson Heights):** May I suggest that we have two issues here: One is a political one and one is a technical one. Once the political decision has been made, the technical aspects of it are going to illustrate how this thing is going to work and answer some of the concerns that someone may have of the actual workings. I would appreciate, between the minister's briefing and the technical briefing, a chance to question the minister on the political implications of this particular initiative.

**The Chair:** Again we're very flexible, and I'm in the hands of the committee. If that's what the committee members wish, then certainly that's something we could entertain.

**Mr Noel Duignan (Halton North):** We're quite flexible if that's what the members of the opposition wish to do. Maybe we can allocate a particular amount of time. Roughly an idea, what would be the time? A half-hour?

**Mr McClelland:** No more than an hour, Mr Duignan, for each party.



**Mr Duignan:** Considering that the technical briefing is going to take about an hour—

**Mr McClelland:** Three parties.

**Mr Duignan:** Yes, so I think if we looked at a half-hour divided between the three parties to ask some questions, then they should—

**Mr Gary Carr (Oakville South):** My question was just the total amount of time that the minister is prepared to stay.

**The Chair:** How long are you prepared to stay here this afternoon?

**Hon Marilyn Churley (Minister of Consumer and Commercial Relations):** I'll be here for the entire afternoon.

**The Chair:** I understand the minister would like to take a break, and that probably would be following her presentation and questions. We started just shortly after 2 and we're scheduled to be here till 5. We can stay longer if that's necessary.

I'll now turn the floor over to the minister.

**Hon Ms Churley:** First of all, I'd like to welcome the members of the finance and economic affairs committee to the beautiful city of Windsor and say how happy I am to be here once again enjoying the fine restaurants in Windsor. I also thank you very much for the opportunity to speak to you today.

I want to begin by saying how pleased I am that these hearings are beginning in Windsor rather than at the traditional starting point of Toronto, even though I'm from Toronto. During this week, you will meet a good number of Windsor residents, the vast majority of whom I believe are very enthusiastic about the casino coming here. They are enthusiastic for good reason. The casino will be a great tonic for a community very hard hit by the economic recession.

Let me summarize the good news that is coming Windsor's way.

—The casino will directly and indirectly create about 8,000 permanent jobs.

—The casino will create hundreds of temporary construction jobs.

—The casino will create millions of dollars in increased revenue for local area governments.

—The casino will spur revitalization of the central business district.

—The casino will inject hundreds of millions of dollars of new tourism spending.

—The casino will help diversify the area economy.

These are just some of the benefits that will occur. I think that you will all agree with me that they're rather dramatic.

Before I discuss the Windsor casino in greater detail, I'd like to make two observations. First, on the Coopers

and Lybrand report that we released this morning, I'm sure we're all looking forward to reading it, as I am myself.

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When we announced the Windsor casino pilot project, many people, including the opposition, asked us to proceed cautiously and consult fully with the community. You also asked us for an economic impact study of casino gambling.

We have done all that you asked and more. I think you are aware of how extensive our consultations have been with Windsor and with provincial organizations, so I won't list them here.

The comprehensive economic impact study you requested is now complete. I am confident the Coopers and Lybrand report will provide a great deal of information and perhaps lay to rest many myths that have grown up around the issue of casino gaming.

I should also note that my ministry is currently discussing with aboriginal groups their participation in the gaming industry. We are currently negotiating self-regulatory agreements with a number of first nations with respect to charitable gaming. This includes bingos and charitable casinos, also, as people here know them, known as Monte Carlo nights.

Some first nations are also enthusiastic about casino gaming for exactly the same reasons as many municipalities are excited. Everyone appreciates the job creation and good economic news that accompany casinos.

We believe first nations should benefit from casino gaming just like everybody else. We are currently discussing with first nations the best approach we should take to discussing their involvement. We want to resolve this issue through negotiation and cooperation, and I'm sure members of this committee share that view. I will keep you posted as we progress in this area.

As you conduct this week's hearings in Windsor, I am confident that you will find on the whole enormous support for this project, as I have found. People recognize the good news that is coming their way in the next year or two. However, before I discuss the future, I would like to briefly recount the past. I would like to explain the sound reasoning that led to the Windsor casino announcement.

I did not campaign in the Toronto riding of Riverdale, where I come from, during the last election on the promise of bringing a casino to Windsor. As far as I know, no one made such a promise. Nor do I know of any MPP who campaigned on the promise that they would oppose a casino in Windsor. Simply put, to the best of my knowledge, in the 1990 election the issue wasn't discussed at all.

Based on these simple facts, some people argue that the government has no right to act in this area. Because

casinos were not discussed, the subject of casinos, or for that matter lotteries or bingos or any other form of gaming, is somehow beyond the legitimate reach of the Legislature, which should remain frozen in time.

The people who make this argument pretend that it doesn't matter how circumstances change. It doesn't matter, for example, about the growth in gaming in other jurisdictions, or how bad our unemployment figures, or how high is the budgetary deficit or balance of payments deficit, or how tastes are changing in today's entertainment and tourism market. I have trouble understanding politicians who preach political paralysis. I think they are shirking their responsibility and I think that most voters share my view about that.

I can think of a host of issues on which this government is acting appropriately that were not discussed in the campaign. I can also think of a host of issues on which the opposition is demanding action which were not discussed in the campaign. One can only imagine the hoots of derision in question period were ministers to routinely reply, "I'm sorry, we can't act on that issue because it didn't come up during the last election." The criticism we would receive would be well deserved.

"Ah, but," some claim, "casinos are different." My response is simple: They are not different.

Casinos are a widely accepted form of entertainment that most people, myself included, see as just another variation of Ontario's existing gaming industry. This industry already includes charitable casinos, lotteries, bingos and horse racing. Some \$4 billion is circulated in our province each year from these activities. A significant portion of this money is reinvested here in the form of salaries, consumer and government spending and support for charitable activity. Ontario charities earn more than \$1 billion each year from bingo alone, while the lion's share of provincial lottery revenues goes to hospitals.

In principle and in practice, there is very little difference between casinos and the many forms of gaming we already know in Ontario. People place wagers in the hope that they will win, and while not everybody claims a prize, almost everyone will agree that they enjoy the activity.

Legal gambling has been with us for decades, and it was within this context that the government chose to bring a casino to Windsor.

The introduction of a permanent, year-round casino to Windsor makes good sense for a number of reasons.

First, the government chose Windsor because it is the largest of Ontario's hard-hit border communities. These communities require special attention. They have suffered a great deal because of their closeness to the American marketplace. The GST and free trade have hammered these cities and towns. Because of the casino, Windsor will now benefit from its border location

instead of suffering. The city is well positioned to attract American tourists to a year-round casino. These new dollars will help create new jobs and stimulate economic growth, especially in the tourism and hospitality industries. It will be a great pleasure to see many of these dollars coming home.

Second, our province is hemorrhaging an increasing amount of money to other provinces and American states that already have casinos. To the east, west, north and south, we are effectively surrounded by casinos, or soon will be. Casinos are a common feature of the western Canadian landscape. Winnipeg now has three casinos. BC has more than a dozen permanent charity casinos. Alberta, Saskatchewan and the Yukon have them. Montreal will soon open a casino, and the rumours are rife that Hull will soon have a casino as well. Nova Scotia is discussing two pilot casinos. Of the 50 American states, close to 20 now have casinos.

I listened with interest when the leader of the third party read out in the Legislature a catalogue of American states that held referendums before introducing casinos. My honourable friend thought that this was a good argument as to why Ontario should have a referendum as well. I pointed out that none of the Canadian provinces with casinos had referendums beforehand, and I remain unconvinced by the member's somewhat flailing response that casinos are equal in importance to constitutional amendments or conscription.

However, I am glad that the question was asked. With his enumerating the American states with casinos and my listing all the Canadian provinces, every member in that Legislature must have concluded the same thing: Casinos are nothing new, and, if anything, Ontario is behind the times.

No one can deny that casinos are already an economically potent force in our province, a force we cannot afford to ignore. Hundreds of millions of dollars flow out of Ontario each year to Atlantic City and Las Vegas. With this money, of course, go tens of thousands of jobs. One federal study showed that 20% of Canadians who are in the US for more than two days are there to gamble.

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Third, the Windsor casino will be a tremendous boost to Ontario tourism. We have a beautiful province that attracts millions of tourists every year, but we should welcome more tourists. They arrive with new dollars and they arrive with new jobs. If we are going to remain competitive as a tourist destination, we must be able to offer the forms of entertainment that tourists want.

I don't pretend the Windsor casino will rival Las Vegas or Atlantic City, nor do we want it to. But to conclude that it therefore will not help bring new tourists to our province is really foolish.



I don't think anyone would suggest that Toronto's live theatre is equal in scale to Broadway—quality, yes; quantity, no. Nevertheless, our excellent productions of *Cats* or *Phantom* or whatever have brought tens of thousands of American tourists to Toronto.

The comparison of casinos to live theatre is in this case very apt. Both are a form of entertainment, and just because Ontario cannot offer the scale of New York or London theatre does not mean we cannot be a contender. In fact, we are a contender.

Do I think some Ontario residents still visit Broadway? Yes. Do I think some Ontario residents who might visit Broadway are just as happy to stay at home with our own theatre? Yes. Do I think Americans from Buffalo or Detroit who might otherwise go to Broadway come to Ontario instead? Yes. Do I think live theatre makes a positive contribution to our economy? Yes, I do.

All these questions can be posed about the Windsor casino and the same positive answer can be given to each one, for just the same reasons.

I noted a recent story in the *Globe and Mail* that dealt with Canada's travel deficit. Every year more and more dollars are taken out of the country by Canadians travelling abroad than are brought here by foreign tourists visiting us. Each year the problem only gets worse.

Running a profitable business in Canadian tourism is hard work. In some areas we cannot hope to offer the same product. It is hard to find—I guess I would say it's impossible to find a warm Canadian beach in January or December. Yet that does not mean we should throw in the tourism towel. It means that we compete where we can with what we have and offer alternatives where we cannot.

The Windsor casino will illustrate that we can compete with the best. It will tap into a form of entertainment that is in huge demand. In 1992 more than \$330 billion was wagered in the US. That is five times larger than the American movie industry. The market for this casino is enormous. More than 30 million Americans live a short drive away.

I have no doubt you will hear from Windsor hotel and restaurant owners who will tell you that the planned casino is the key to their economic health and welfare. I know from newspaper reports and from talking to people here that some restaurants would be closed today if it had not been for the proposed casino. Instead of closing their doors, these owners are now planning on expansion.

These are some of the circumstances which prompted us to make the Windsor casino decision. It will bring thousands of new jobs to this province in general and Windsor in particular, and it will stem the huge tide of money leaving our province for casinos elsewhere and

will bring new money into the province from the American market.

Windsorites understand this. I don't know how many of you have visited Windsor recently; I have a few times. I would encourage you to come here often. I would encourage you to get out of the cynical atmosphere of Queen's Park from time to time and breathe the fresh air of optimism in Windsor that the casino has brought, which I've experienced myself many times lately.

As I mentioned at the beginning of my remarks, not all of Windsor is unanimous about the casino coming to town. Some people do object to the casino for a variety of reasons. These sentiments are not unique to Windsor; I think you'd find similar sentiments elsewhere in the province. I would like to take the time now to discuss some of these objections. I feel that the government has been exceptionally sensitive to the feelings of Windsor residents on this project. To the greatest extent possible, we have tried to accommodate these concerns in our plans.

Let me deal first with the issue of crime, which I will divide into two areas. One is the integrity of the casino itself and the possibility of criminals, organized or otherwise, becoming involved with the casino or its suppliers. The second area is the safety and security of the neighbourhood outside the casino.

Overall responsibility for internal security and enforcement will lie with the Gaming Control Commission which Bill 8 establishes. As this is a provincial initiative, the government has obtained invaluable advice and assistance from the Ontario Provincial Police on internal security and law enforcement issues. Consultations have also been undertaken with a number of other law enforcement and gaming regulating agencies.

The concerns of law enforcement agencies have been woven throughout the work of the casino team. Since its inception last summer, members of the OPP have been part of the casino project, and fully one third of the current casino project staff are members of the OPP. Under the direction of Commissioner T.B. O'Grady, the OPP has assigned a number of experts from its anti-rackets and intelligence branches.

Internal security planning covers such details as architectural requirements, internal surveillance systems, money handling, audit structure and background checks on anyone involved directly or indirectly with the casino. Thorough security checks will be done not only on those employed by the casino but also on anyone wishing to be a supplier of anything, from playing cards to laundry services.

These will be very tough measures. Nevertheless, there are some people who feel that casinos and organized crime go hand in hand. They claim that you cannot have one without the other. I hope that everybody at

this table knows this assertion to be false. If you do not, then I ask you to engage in some firsthand research. Pick up the phone and call Premier Filmon of Manitoba. Tell him that the three casinos his government owns are fronts for the mob. Tell Premier Bourassa that he is about to become some undercover ringleader, or Mike Harcourt or Ralph Klein or Roy Romanow.

I know what you will say to this observation: Windsor is not Winnipeg or Montreal or Vancouver. If you're going to tell me that the Windsor casino will be different because it is privately operated, I remind you that BC's casinos are privately owned and operated, much like our bingo halls here are.

I believe that private sector involvement in the Windsor casino will bring needed expertise without jeopardizing safety. I have good reason to believe this, because of the safe conduct of the private sector in other areas of Ontario's gaming industry. Private industry maintains the lead role in such areas as horse racing and bingo, which generate the bulk of current gaming activity here in Ontario.

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In lotteries, the government is fully responsible for operations and regulation, but with the private sector supplying all retail services. The blend of private/public sector involvement works. It delivers a good product while ensuring the integrity of the gaming environment, and it will work for this casino.

I used to wonder why certain members of the Legislature were so deathly afraid of looking to the casinos we already have in the country for an indication of what is in store for Windsor. However, recently I went to Winnipeg to visit two of their three casinos. I now know why some of you are so afraid. I saw people having fun. I saw effective security systems. I did not see a wave of prostitutes or organized crime, and if you look at Winnipeg's crime rate, you won't see these problems either.

Regardless of your preconceptions or your creative imaginations, the Canadian experience shows that casinos and organized crime are not linked. Nevertheless, some people do not accept these facts and insist we do look to the United States. I'm sorry to say that this included some members of the opposition, who constantly cast about for whatever bad American views and news they could find.

This obsession with the United States has exposed certain contradictions in the arguments of casino opponents. After endless harping about the effects of casinos in some American jurisdictions, a couple of weeks ago the leader of the third party condemned this government for using the services of an American criminologist. On the one hand we are being criticized for listening to an American criminologist talk about American casinos, yet on the other hand you don't want us to talk to Canadians about Canadian casinos. Now, Mr Harris and

others cannot have it both ways. He cannot continually recount American crime figures and then damn us for consulting an American criminologist.

I do encourage committee members to look at all of the evidence, just as we have. When you do, I think you'll end up agreeing with me that the most useful guide is the experience of other provinces.

I just want to talk for a few minutes about the effect of the casino on crime in the community. As I noted before, there has been no increase in crime in Winnipeg attributable to the casinos, nor has this happened in British Columbia or in any other province that has introduced casinos.

Obviously, provision should be made for the fact that the Windsor casino will draw more tourists than the other Canadian casinos do. Naturally, this will increase the need for further policing, as is the case with any large tourist attraction. There are bound to be problems with increased traffic and so on.

However, I'm very proud to say that the province made it clear from the start that any necessary increase in local police services would be paid for by the casino itself; for example, that Windsor Police Services will soon have 10 new officers, paid for by the casino, to help deal with the casino's boost to tourism. This is just the first step. We will pay for any more officers that are shown to be necessary.

Some people suggest that Windsor is different from Winnipeg because so many of the customers will be American. I don't agree with this. The annual Freedom Festival brings tens of thousands of American citizens across the border to Windsor. Certainly this requires increased policing, but that is to be expected. It is no different from Toronto's annual Caribana, which also attracts thousands of American visitors. Obviously, more police than normal are needed then on the streets, but no one suggests for that reason that Caribana should therefore not take place at all.

I believe time will show that the Windsor casino will be no different from other casinos elsewhere in Canada. It will make a positive contribution to the community and will have the same effect on local policing as any other large tourist attraction.

I want to talk for a moment about the Windsor casino and some of the moral arguments that some people are advancing. Do I think people should go to casinos? Frankly, I don't think my opinion here is relevant. For the record, I think it should be left up to the individual. I believe the public thinks the same way. I think the public believes that the decision about whether or not somebody goes to a casino should be left up to the individual and not the government. The Windsor casino will simply join the vast array of entertainment options available to today's adult population, who are free to pick and choose what they want to do.



I don't think it's credible to suggest that our society is not ready to accept such an option in its midst. Gaming is clearly well entrenched here. As I said before, more than \$4 billion is wagered annually in our province. You would be hard pressed to find many citizens who have not bought a lottery ticket, or at least a raffle ticket for their local hockey team.

It is interesting to note that during the discussion about the Windsor casino, one did not hear the suggestion from the casino critics that existing gambling should be abolished. One wonders why. Surely gambling is gambling, one would have thought, but apparently some don't think this way. I do think that some people are anxious about the Windsor casino because it is something new, but I do believe that this will change. When the Windsor casino is up and running, people will see that it is not the ogre that some critics would have us believe. I predict that you will see support for the casino go up.

Some people may accept lotteries or bingos because the profits go to good causes. If this is the case, then where do they find fault with the Windsor casino? Injecting millions of dollars into the provincial treasury to help sustain vital programs such as education or health care is also a good cause.

Some people maintain that the government's ownership of the casino suggests that this is an activity we want to promote. That is simply not the case. We feel government ownership is simply prudent given the public's concern about safety and security. The option, of course, is to have the casino privately owned and operated, and we did look at that. I don't know, however, that this arrangement would somehow make casino gaming more morally acceptable to its critics. Of course, we could continue to try to suppress casino gaming, but as I said earlier, this would be the government continuing to make a value judgement that I believe most people would rather make for themselves, and do many times when they go off to the States to gamble.

Some fear that the Windsor casino will increase problem gambling. I think this is a legitimate concern. I recognize that there are people who are unable to resist the allure of gaming, whether it takes the legal form of bingos, lotteries, horse racing or casinos, or illegal forms.

We are already doing a great deal of work in this area. Recently, I released a study by Ernst and Young that assessed the programs in place to deal with problem gambling. Currently, there are few. I think this is a sad comment on previous governments, that virtually no research has been done in this province despite the billions of dollars these governments collected from gaming.

But I'm pleased to say that we are not ducking this responsibility. In the near future, I will be taking to

cabinet proposals to deal with this issue once and for all. While it would be premature to outline the planned initiatives today, I will say that the emphasis will be on public education and prevention.

We also recognize that this government cannot solve the problem alone. The Windsor casino request for proposal asks the potential casino operators to outline the types of problem gambling prevention strategies they would implement through public education and for their employees.

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Problem gambling is an issue which predates casinos by centuries. I believe that rather than compounding the difficulty of problem gambling, the government's decision to introduce casino gambling has served as a catalyst to seriously address this long-standing issue.

Some critics suggest that Windsor may see a climb in demand for social services because of problems other than problem gambling. We are also aware of this concern and a study is under way to take stock of the services currently available in Windsor. We will monitor any changes in demand and take the appropriate steps if changes do occur. Of course, since the casino is creating some 8,000 jobs in the Windsor area, we may very well see a decline in the need for some of these services.

The other thing I want to talk to you briefly about today is the horse racing industry. There are people who object to the Windsor casino because of the effects they fear it may have on the horse racing industry.

Let there be no mistake. This government is fully committed to horse racing remaining a full player in the gaming industry. Since taking office, this government has brought forward a number of proposals to help the industry cope with competition in the entertainment market.

We must realize that the competition to horse racing is not just from lotteries or bingos or the proposed casino. Horse racing is a form of entertainment. As such, its competition comes from a host of areas, including other professional sports such as football, hockey and baseball, and some of the horse racing industry's own studies mention that.

With no offence to Tigers fans—I know there must be some here in this room—let us look at the World Series champion Blue Jays. Please don't be offended, but it did happen; maybe it will be Detroit this year. I am personally very proud of that. Baseball is not the same game it was two or three decades ago. Fancy stadiums and huge instant replay screens are just some of the improvements they have made. It is a sport that has steadily improved its marketing in order to stay competitive.

The horse racing industry must make similar efforts to remain competitive. Studies suggest that perhaps as

many as 28,000 Ontario residents have full- or part-time jobs attributable to horse racing. Industry officials and the government have an obligation to these employees.

But that does not mean that the only course of action is to keep casinos out of Ontario. Pretending competition doesn't exist will not solve the problem. As I noted earlier, casinos are a growing reality in North America. Just because there isn't a casino in Ontario doesn't stop Ontario residents from spending hundreds of millions of dollars on slot machines or blackjack or illegal gambling. Today's consumer is very mobile, and banishing casinos from Ontario won't solve the horse racing industry's problems. Good marketing will.

I also note that prophets of gloom and doom say that racing and casinos can't exist in the same place. They say: "Look at this province or that state. Look how racing suffered when casinos arrived on the scene." In part, that might be true. However, it is equally true that one can also find provinces and states where racing suffered and casinos were not introduced.

Moreover, in examples that critics provide where casinos and horse racing have operated in the same jurisdiction, the two industries competed head to head. That is not what we plan to do here in Windsor, and it's not going to happen here if everyone acts responsibly. When the province asked private sector companies to submit their bids for the Windsor casino, everyone was asked to clearly outline how they would work with, not harm, the Windsor Raceway. Other jurisdictions have not done this, and that is why the gloom-and-doom studies that casino opponents will trot out are not going to be relevant to Ontario.

Let me read from an interview of a racetrack owner who is going to open a track in Louisiana because of all the casinos coming to the area. He was asked why his track will succeed when other tracks are hurting. His response was this:

"Simple. You bring in new blood. A lot of times people don't go to the track because they don't know how to bet and they don't want to eat fast food. We'll offer the best food and drinks, give them seminars on how to wager. With hundreds of tour buses rolling into the area...part of the key is to get the tourist agencies to get these buses to stop at the track for an afternoon or an evening. Food? Family entertainment? Horse people think I'm crazy, but they don't understand what has happened to their own industry. People already come to Louisiana because of gaming. We just need to attract our share, and we will."

I really believe that a win-win option can be found for the Windsor Raceway and casino. We want the two to work together and find the creative solutions. That way the ultimate winner will be the Ontario consumer, who will have a greater choice of entertainment options. I repeat: The increased entertainment options will also benefit the Ontario tourism industry, and that will

benefit anyone and everyone in the province through new dollars and new jobs.

The spirit of cooperation that the casino project is showing to the horse racing industry is also being applied to the existing charitable gaming industry.

We recently made changes to the Gaming Services Act to make charitable fund-raising much more effective.

With respect to the Windsor casino, the government consulted with dozens of Windsor area charitable organizations that rely on charitable funds to support their programs. Their message was clear: They felt the casino would benefit Windsor. However, they were concerned about the effects the casino might have on their fund-raising efforts, and that is a legitimate concern.

Again, I'm pleased to say that the government has acted responsibly. The vast majority of charitable fund-raising in Windsor is done through bingos. Accordingly, the government has adopted the sensible policy that the Windsor casino will not offer bingo. This is the right thing to do, and many charities have told us they are delighted with this decision. Indeed, there are some people in the Windsor bingo business who feel their market might actually increase because of the casino's presence.

In order to keep an eye on the casino's impact on charitable gaming, the government has asked Windsor-area charities to take stock of their current fund-raising totals. If it is clear in a few years that the casino has hurt these efforts, we have pledged to them to work with the charities to correct these effects.

I think that you will appreciate from my remarks that this issue has been approached with great care and caution, and from the issues I have discussed you can see that the introduction of a casino is an intricate subject. I know that over the next few weeks you will hear many views. Some I know will be held with great passion. I encourage you to listen to all those perspectives with an open mind, and I wish you the very best in your deliberations. I look forward very much to your findings.

As your Chairman said, my casino project officials will be speaking to give you more technical details at your pleasure and will provide more information on some of the issues that I have discussed. Before I wrap up I would like to introduce Judith Wolfson, to my left here, who is the deputy minister at CCR. That concludes my remarks, Mr Chairman.

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**The Chair:** Thank you, Minister. We have an opportunity now for some questions, and first on my list is Mr Kwinter.

**Mr Kwinter:** Mr Chairman, have we decided how much time we have?



**The Chair:** No, we haven't. That's something that we should decide before we continue so we can determine how to divide the time up. I understand technical briefing will take approximately an hour; is that correct?

**Ms Judith Wolfson:** Approximately an hour.

**The Chair:** And you would like to have some time certainly for questions following that, I'm sure.

**Mr Duignan:** Could we take a five-minute recess and come to an agreement with the subcommittee?

**The Chair:** I'm in the hands of the committee. We have until 5 o'clock scheduled.

**Mr Duignan:** May I make a suggestion of 15 to 20 minutes from each side in relation to questions and answers?

**The Chair:** Is that agreeable, 20 minutes each? Okay. If we run out of time, then we'll get on to the technical briefing more quickly, I suspect.

**Mr Kwinter:** I'd like to just comment on the minister's remarks. To treat it kindly, a lot of what she had to say I could only really categorize as drivel. The rationale behind this initiative according to the minister just makes no sense. She refers to the fact that they didn't campaign on it but that they didn't campaign on a lot of other things. The irony is that most of the things that they did campaign on they haven't carried through; they've done a complete about-face. The one issue they didn't campaign on, not only didn't they campaign on it but they have been traditionally and consistently opposed to casino gambling.

What I'd like to find out is—and I think this is important, and then I'd like to ask a supplementary as a result of that answer—given that the NDP has traditionally and consistently been opposed to casino gambling, what was the genesis of this initiative? Was there a crying demand for casinos from Ontarians, was there a crying demand for revenue from the Treasurer, was there a crying demand for economic stimulation from the city of Windsor or was there any other major sort of impetus to bring forward this particular initiative? Could you answer that? Then I'd like to ask you a supplementary based on that answer.

**The Chair:** Minister, before you answer that, I'd just like to bring some order to the room, please. If those people at the back of the room who are carrying on private conversations could kindly go outside, it would allow us to hear much more clearly here at the front. Thank you very much.

**Hon Ms Churley:** I think Mr Kwinter and I disagree on the contents of my speech. I wouldn't call it drivel at all. I think it was quite good and to the point. After all, he is the opposition, and what can you expect? But I'm hoping, and it may be silly of me, that we can try to be as non-partisan as we can in terms of the discussion of the benefit this will be to Windsor.

Directly in answer to your question, first of all,

believe it or not, despite various people within the party who have opinions on gaming and gambling, the NDP's policy book doesn't have a policy on gambling. It's probably the only thing in the world that the NDP doesn't have a policy on in its book, but it actually doesn't have a policy on this.

I would say that in terms of the issue around why the government decided to proceed, it is based on a number of facts, and you mentioned them. I mentioned in my speech that times have changed. The fact is that casinos are starting to sprout up all over the place, all around us, and the fact is that since I've come to this ministry I've found out that \$4 billion a year is already being spent in Ontario on gambling and that many hundreds of millions of dollars are being spent outside the country and on illegal gambling, illegal gambling which people get no benefit at all from. It's all underground economy.

With casinos sprouting up all around us, the choice was one of burying our heads in the sand and letting more and more tourist dollars slip away, now not only to the United States but to other provinces. That was a factor that we had to look at very seriously when we heard news that other provinces were moving full steam ahead and planning casinos. We now know that Quebec in fact is almost there, and the fact that Windsor did approach the government—Windsor, as you know, has been very, very hard hit by the recession and cross-border shopping, and other municipalities approached the government.

I believe the idea possibly came up even when, Mr Kwinter, your government was in power. It's not a new idea. It's just that the situation now has changed and the reality as well is that yes, of course the government was looking at its revenues, and because there were requests from municipalities to allow casinos the government of course looked at the possibility of extra revenue from the running of casinos. All those factors were taken into consideration when the decision was made.

But I do want to be very clear that when we decided to go ahead with a pilot project, we said that we would not put a casino in any location, in any municipality, in any region where it was not wanted. Windsor had already been talking about and planning a casino before we ever announced that we were moving in that direction.

**Mr Kwinter:** I didn't get a really definitive answer; I got a broad answer. The point I'm trying to make is that if it is supposed to benefit Windsor, we have a situation where most of the profits are not going to go to the city of Windsor; they're going to go to the province, to the consolidated revenue fund.

Earlier in your remarks, and I think this is interesting—I don't think you have an understanding of the horse racing industry and you certainly don't have an understanding of the baseball industry, because if you

look at what's happening to baseball you will find that in the minor markets they are in serious trouble, and the meetings that were being held recently in Wisconsin were held to address the major problems that are facing baseball. To say blanketly that this is going to be the panacea—and just for the record, I have no problem with casinos. What I have a problem with is the rationale and what it is that it's supposed to do.

I really feel that it hasn't been thought through. I think the benefits you are attributing to what the casinos are going to generate are not going to materialize, and you've downplayed the problems. My concern is that this decision was made on the fly, it was announced without really thinking it through and then you've been playing catch-up trying to justify the decision that you have made. That is why it's very interesting to me to find out what triggered this, because surely, even though a casino might be a great thing, it is not going to be the saviour of Windsor. For anyone to think that it is being naïve.

So the question is, why are you doing it, what is the impact going to be on charitable gaming—and I don't think you've thought that through—and what is going to be your overall strategy? Today you announced that this is a pilot project and you have no intention of having this go throughout the rest of Ontario. You're either naïve or uninformed to think that this initiative would happen in Windsor alone and only in Windsor, and that you would be able to resist putting it into other areas. So you either have thought this thing through or you haven't. The evidence seems to appear that you haven't, and that all you're really doing is making policy on the fly, responding to things that may happen.

All the way through your speech you talked about some of the things that may happen and, if they do, "We're going to have to deal with it, and we'll deal with it as we go along." That is what creates the problem for me. As I say, I have no problem with a casino per se. It's certainly like shutting the barn door after the horses are gone. All you have to do is take a look at the Toronto Sun every single day and you'll see pages of ads run for Las Vegas-type casinos all over Metropolitan Toronto and other areas.

Surely it isn't casinos that are the problem; the problem is the benefits that you are ascribing to this one casino, that it's going to do all of these wonderful things when, by your own admission, the profits are going to go to the province, you haven't thought through the cost—the social cost, the criminal cost, the policing cost—and whether or not these 12,000 tourists you've projected are not going to come in by buses, do their gambling and leave. What are you going to get out of it? The province is going to make some money and the people in Windsor are going to be like kids at the candy store with their noses pressed up against the glass looking and saying, "What have we got here?" That is my concern.

1500

**Hon Ms Churley:** There were a lot of questions and concerns expressed there, and I'll deal with a few of them. First of all, on the issue of profits going to the government, that's quite true. As I said in my speech, that's not something to sneer at or dismiss. The fact that the profits are coming to the government means that will be money going to all of the people of Ontario for various programs. I don't think we should sneer at that and pretend that isn't important, that all the people of Ontario will benefit from those profits.

Do keep in mind that in the process of opening up a casino here in Windsor, the figure of about 30,000 people a day, the predictions are that about 20% of those people will stay overnight in Windsor.

Now if you look at that figure and assume that, say, somewhere between 75% and 80% of people do just come for four or five hours and then go back home, the rest of them, when they're here, have to eat. They will go shopping, they will take part in various activities in the city of Windsor. The other 20% or so who stay here, and that's a great number of people, will be staying in the hotels, will be shopping, will be eating, will be taking part in other activities.

That is quite a spinoff—not even spinoff—a direct benefit to the people of Windsor. It'll increase their tax base significantly. There are restaurants and stores now in the process of planning to expand instead of closing down, which they were a very, very short time ago thinking of doing. There will be about 8,000 jobs created here, either direct or indirect, which will increase the tax benefits for the city. It will take some people off welfare, off unemployment insurance. There are incredible benefits to the city.

With all due respect, you talk about what I said was drivel. I have to say that what you just said was drivel. It doesn't make any sense. I clearly outlined the benefits that will come to Windsor. We have worked directly and closely, Mr Kwinter, from day one with the city of Windsor: the mayor and the business folks from the city; the tourism folks; St Clair College of Applied Arts and Technology, which is training local people to work in the casino; the police. We have worked from day one with them and they firmly believe—go talk to them and hear what they have to say. The benefits which will come to Windsor are enormous and immense. It's a great tourist attraction.

On baseball, well, I think I do have a fairly good understanding of baseball. Just ask some of my colleagues and they'll tell you about that.

I think when we're talking about horse racing in the context in which I mentioned it, it's a professional sport activity that has fallen behind the times in terms of marketing itself and it's something that they readily admit. Even though I tell people I grew up in Labrador and there aren't any horses there, I have learned a lot



about the horse racing industry over the past few years, believe me.

I have met personally with every single component, individually, of the horse racing industry time and time again, and the minister who brought in this new tax-sharing arrangement over the next four years with the industry in order to keep Fort Erie open, which incidentally was in trouble before a casino was ever mentioned, and other tracks.

We have been working very closely with them, and they themselves admit that they've got to help themselves in terms of their marketing. It has been a problem. I think the fact that we have committed to work closely with them here in Windsor to try and draw tourists to the track is significant, and that's something I'm personally very committed to.

We are not coming up with policy on the fly. We have a tremendous project team, and some of them are with us today, that has been working sometimes night and day over the weekend to gather as much information as it can. We've been consulting with experts in this field from all across the world. We have a special arrangement right now, for instance, with New Jersey to trade information in the so-called black book of people banned from casinos.

We've been working very, very extensively with many, many people over the last couple of years getting information, and I think we're very, very ready to go. We do know what we're doing and we've been complimented in newspapers directly from experts from around the world in terms of our approach to this, our careful approach from day one, getting the police involved, getting the local community involved, listening to the concerns of the community, listening to their concerns because they are the people here in Windsor who know what's needed.

So I thoroughly disagree with your analysis of the situation. I think it's dead wrong.

**The Chair:** Mr McClelland, you have about six minutes.

**Mr McClelland:** Madam Minister, I wanted to touch base on a couple of points that have been alluded to by my colleague Mr Kwinter. I wonder if you might briefly comment on what evidence has been brought to your attention that changed your mind, to offset those things that compelled you to vote against a casino in Metro Toronto when in fact you sat on Metro council and opposed a casino at that point in time. I'm sure there must be something that compelled you to make that significant change.

You talk about the costs and benefits associated with a casino, and Mr Kwinter certainly talked about the burden. I think it's interesting to note that one of the things you talk about is the police. You indicate that they're very supportive. I suggest to you that we may

hear a somewhat different opinion, and on examination tomorrow, I'm sure that will be qualified somewhat.

I would suspect that the Windsor police, both professional staff and the police services board, will certainly be cooperative in every respect. After all, they will operate under the golden rule inasmuch as you have the gold; you will help make the rules. They'll want to keep, if you will, in your good graces.

One of the things that concerns me is that you indicate in your brief today and you've indicated from time to time that you will be prepared as the government of the province of Ontario to ensure that necessary policing is provided. The question that I have is, who makes that determination?

I know right at the outset there's a difference and a dispute, quite frankly—and I'll put it in that way and maybe you'd like to comment—in terms of the adequacy of the police services that are going to be provided. At the end of the day, as Mr Kwinter said, you reap the benefits and leave it upon the city to come to you asking for the opportunity or the funds to provide the services it wants.

There is no jurisdiction in North America that I am aware of where there's not a licensing arrangement or a fee arrangement, where costs associated with the city don't accrue directly to the city. I'd appreciate your comment on that. I think it naïve at best to suggest that secondary spinoffs will be sufficient to offset the burdens to this community.

I do not doubt for a moment there will be benefit, but I do think as well—I think it's been very evidenced by the fact that your economic impact study was released on Saturday, this weekend past, when you were well into it, well beyond second reading. The draft proposal or the request for proposal had already been put forward, and it has been substantially completed, I would suspect, at this point in time.

The other questions that I think flow from this, and I'll be interested to hear them over the course of time, are how many casinos, and when? There's little doubt that you're looking at the Niagara region. There's little doubt that you're looking at Ottawa, possibly two in Toronto and probably secondary casinos or secondary markets in Sudbury, Sault Ste Marie and Thunder Bay. Each of those communities will have particular dynamics that will require specific needs to be met.

When we get to six, seven, eight or however many casinos we have in the province of Ontario, Minister, how do you hope in any reasonable way to interface with the native casinos that will inevitably be a reality? How do you propose to respond to them when they come to you with a constitutional issue and say, "It is our jurisdiction and we will do it the way that we want to, regardless of what you are doing elsewhere in the province"?

I want to mention very briefly as well that notwithstanding your assertion, it is contrary to your government's policy. I think that there are others who would speak very, very plainly with the contrary opinion. I will not bore you. You've heard them time and time again, quotes made by none other than Bob Rae and Mr Laughren over the course of time.

Those are not issues, I think, that can be responded to very briefly and, quite frankly, in a superficial manner by saying that things change. Certainly things change; that's a fundamental policy. I think the words and the quotes that have so often been shared with you by members of the opposition, and indeed members of your own party in terms of what your Premier and your Minister of Finance said in the past, quite frankly call for some explanation.

I think it perhaps comes back to my opening comment: What are the things that have compelled you to change your mind, to vote, if you will, contrary to what you voted not too, too long ago when you sat on council?

The last comment I'll make and ask for some brief reflection on—they are numerous. I want to get into the horse racing industry. To say that it is not relevant to Ontario is, I think, and I say this with respect, a little bit offhand, Minister. I think it may require some modification and some adjustment.

But I'll tell you this: Next week, when we hear from the people in the horse racing industry, they will suggest to you with much more, I'm sure, passion and vigour than I could, that their studies and their concerns are indeed relevant, and they're significantly relevant. The casinos potentially across the province will have a major economic impact on their industry. Don't dismiss it, Minister, I would urge you, by simply saying it's not relevant.

1510

I want to talk about the timing of your studies and, again, draw to evidence the fact that you say there are studies in place. You talk about the consultative process. The fact of the matter is that the city of Windsor did not have anybody sitting directly on the team. They were talked to from time to time. Yet they wanted to have a presence, and I think that was a reasonable request, and as you contemplate going elsewhere in the province, I'd be interested in that.

The last thing I want to talk about is the integrity of the process. There are groups out there that have responded to the request for proposals and you know very well what happened with the interim site. You will say it is an apples-and-oranges comparison and I will grant you that. To a certain extent it is somewhat different. There are two different products, if you will, being considered.

The fact of the matter is that at the end of the day the

member for Windsor-Riverside, the Minister of Education, made a call and made a political judgement that he wanted it downtown and effectively told you, as minister, that that's where it would be.

I question your leadership in this regard. I question who really has their hand on the till of the ship. As I said in the House, I think the good ship Casino left port and you had no idea what course you were charting. As Mr Kwinter has said, you have begun to put it together after the fact.

In terms of that interim site, you have now nine organizations that have put substantial investment into development of the proposal. They have no doubt spent literally tens if not hundreds of thousands of dollars, and the question I have to you is in terms of the integrity of the process. What kind of assurance can they have that there won't be the same kind of political interference that was so evident in the interim site?

Minister, I think you're patching this up as you go. I have no particular qualms about a casino per se. I share your sentiment that I think we should all have fun and probably enjoy ourselves a lot more than we do. I hope we're able to do that throughout the course of these hearings.

But I think what we want to see, and members of the opposition and indeed more importantly people across the province want to know, as you contemplate going to six, seven or perhaps eight other locations in the province, is we want to ensure that the cost benefit with the burden has been dealt with adequately, that the economic impact studies have not been done after the fact to effectively justify a decision already made, that the terms of reference—

**The Chair:** Mr McClelland, I have been very, very lenient. You're about three minutes over your time, and the minister still has to respond on the Liberal members' time.

**Mr McClelland:** I will conclude with this sentence then.

**The Chair:** I understand that the minister indicated at the very beginning she wanted to take a break after her presentation. I unfortunately got ready for questioning.

**Hon Ms Churley:** I can wait till the end of questions.

**Mr McClelland:** Let me just conclude with this sentence then. Minister, the study you did—you talked about the US study—I think we'll notice that the terms of reference were effectively saying to develop a study that will offset or contradict the Windsor Police Services Board. I want to make sure as we go throughout this process—the questioning that we will be pursuing will be in part to ensure that this is being done and was done in fact in a thoughtful manner and with a lot of foresight and not an after-the-fact proposition.



**The Chair:** Thanks to the generosity of the minister, we'll hear no doubt a lengthy response to all those questions Mr McClelland has put forward.

**Hon Ms Churley:** I'll try and compete with him and see if I can be faster and be more accurate. It should be no problem.

**Mr McClelland:** Was that faster than Marilyn?

**Hon Ms Churley:** It must be that beard.

You mentioned a number of really important points here and I'm going to start with a couple that I think are most important.

First of all, in regard to the study which was released today, the government has no plans to move further right now. We said at the time that we listened to people from the very beginning, and there was certainly a sense that we should move slowly and cautiously and carefully.

There are lots of people out there, some in Windsor in fact, who think we're moving far too slowly. I think we're being cautious and I think we're being very thorough, and we've had the Windsor citizens involved from the beginning. We have no plans to make decisions at this point on further casinos.

The study was commissioned partly because the opposition, I think with a very valid point, asked us to do it. There had been no economic study, and should the government decide to go further and allow more casinos, it certainly will be a help in any decision-making. It's a good study to have.

But at this point, there's just no decision to go further. We want to have the Windsor casino up and running. We want to have some experience with that. We want to look at how it works and to be able to solve any of the problems that may come up. That will give us a better idea. That's what we've said from the beginning and that still is the fact.

Another very important point I want to address that you brought up is the integrity of the process. This process has been, from the very beginning, and I think you know this, handled with the utmost integrity. The allegation that Dave Cooke is really running the show: It's not so. I think my consultations with people here in Windsor, directly with the mayor and directly with business people in this community where I've come to talk to them myself and those who have written to me, made it very clear from day one that they wanted the permanent casino to be in the downtown. That's one of the areas where we listened to the citizens and to the business people and to the municipality of Windsor.

In a way, it would be easier for the government and easier for the police if we just said, "No, no, no," to people who live in Windsor, "we're just going to put it on the outskirts somewhere, self-contained, lots of restaurants and everything right there within that one building, draw people into there." It would be a lot

easier and would make more money for the province, but it wouldn't help revitalize the downtown of Windsor, which is partly what this is all about, a very large part. So we chose to listen to the people of Windsor about where to put that casino.

Now, what happened is that the government made a decision, in consultation with the city council, to go with an interim casino. At that time, there was not consensus in the city as to whether it should be downtown or not. People were concerned about infrastructure, and clearly people weren't sure. So we felt it was responsible to put out a request for proposal at that time for locations in and around the downtown core. It turned out that there was only one, and that was the art gallery from the downtown core. After the proponents submitted their bids on that, the city council assured us, they made a unanimous decision that they wanted that interim casino downtown, after the fact. The business people—I got, I think, hundreds of letters in my office on the same subject, saying they knew we were working with the city council and the police, that they could deal with the infrastructure problems. There was a big demonstration with over 600 people here.

We had always said from the beginning that in terms of the location, we wanted to listen to the city of Windsor, that it had to live with it, and the whole plan was to help revitalize the downtown, so when the city of Windsor made it clear to us that's what it wanted, we exercised our right to withdraw from that process and to choose the downtown location, and that's what we did.

In terms of the nine proponents who are waiting for the short list and the final result for the operator: a whole different process. We have never said to Windsor, and never would, that it would have any say whatsoever in the operator of that casino. That's where the difference lies. In fact, I personally have no input into that. There is a deputy minister's committee set up which will review the proponents' documents and will make decisions based on all the criteria and how best they will interview them and talk to them directly and will make that decision. It is not in any way related to Windsor; it's a totally different process. So the important point to understand here is that we wanted and asked the city to be involved in the location of the casino.

The horse racing industry: I certainly don't dismiss its concerns. I do have some argument with some of their statements around this. I do believe that further work has to be done with them to help the industry. The industry has been having some trouble for some years, albeit that in North America I think it still comes third. It's doing very well, but it needs a shot in the arm and it needs some help and it needs to do some work on its own to do better promotion. But I certainly don't dismiss the fact that we have to work with them very closely to keep them viable, and that's what we're doing.

I want to come back to your apples and oranges, and in the House didn't you also refer to it as a baby raccoon, this casino?

**Mr McClelland:** No, a different story, minister.

**Hon Ms Churley:** That's a different story, is it?

First of all, I was a member of city council, not Metro council, in Toronto. The situation with that casino—there was a request that there be a temporary casino at the Exhibition grounds for charities. It was very clear at that time that the community was opposed to it. There's no conflict in my position here. I still say exactly the same thing: I would not support a casino in any community where it is very clear that the citizens are opposed to it. In this case, I have been totally reassured in many, many ways that the community supports the casino in this community.

1520

Lastly, because I think the Chair would probably like me to hurry up here—although you raised a lot of issues, I'm sure over time some more answers will become available—I'd like to speak to you a bit about the native, aboriginal aspect of casinos. We are in the process of discussing with them how they can be involved. They will be involved. The study that was just released, even though it names particular cities, I think those were just used as a reference point for actual broader regional locations which would be in its view appropriate for casinos, were we to expand. If the government decides to go ahead with further casinos at some point, it doesn't preclude at all, if the government were to choose any one or however many of those locations, that aboriginal communities couldn't be involved in that in some way. So that wouldn't create any problems.

In terms of the studies that we've done, some we've completed and others are ongoing. For instance, there'll be more information about the social services which are available right now within Windsor. We don't have the final results of that but we'll be looking very closely at what is available and what may need to be supplied at a later date, once the casino is up and running. We didn't ask people from the city of Windsor to sit on the project team; however, we have worked very, very closely, the project team itself, with the mayor of the city, with various bureaucrats from the city, with the police, on all kinds of issues related to Windsor on infrastructure, policing, safety, all those sorts of things. They've been involved directly from the very beginning. The project team, in a sense, offers expertise but also has been a coordinating body in bringing all these other people who have a direct interest into the process at times when their advice is necessary. So they have in no way been left out of the process.

**The Chair:** Thank you, Minister. I'm sure all members of the committee have not minded the extensive question-and-answer period that just took place.

**Mr Carr:** I will try to get right down to the questions very quickly because we don't often get a chance to have the minister and ask her this many questions, so I'll do that and save some of my speeches for the House, which may make some in the gallery happy. They can tune in when I speak in the House.

I want to get down very quickly to what I believe, and I agree with Mr Kwinter that a lot of this is revenue-driven. I notice on page 9 you say, "Injecting millions of dollars into the provincial treasury to help sustain...." Taking out the costs of policing, the 10 new police officers, taking out the cost that you're going to take out for helping charitable organizations that may be affected, after all is said and done, how much is the provincial treasury going to get from the Windsor casino?

**Hon Ms Churley:** The answer to that is not clear at this point because we're not absolutely clear in terms of the interim casino, the number of patrons it will draw. So we haven't come to a full, clear number of how much money the government will actually derive from that.

**Mr Carr:** How about ballpark, then?

**Hon Ms Churley:** We've already said that we will be paying for police costs, for instance, out of the proceeds of the operation, and there could be other costs associated which would come out of the revenue, but we expect somewhere between \$100 million and \$140 million. That's ballpark. I can't be—

**Mr Carr:** And that's just out of Windsor, just out of the project?

**Hon Ms Churley:** Yes.

**Mr Carr:** So that's what the province can take in with—

**Hon Ms Churley:** That's ballpark what we think we would derive from that.

**Mr Carr:** So that goes right on the bottom line to the province, what we can expect?

**Hon Ms Churley:** Yes.

**Mr Carr:** Okay. On page 3 you talk about the haemorrhaging, the increasing amount of money going south, right at the bottom of the page there. How much is that?

**Hon Ms Churley:** Sorry. Can you—

**Mr Carr:** On the bottom you say, "Our province is haemorrhaging an increasing amount of money to other provinces" that have casinos. How much is going to the other states and other jurisdictions, people from Ontario spending at casinos?

**Hon Ms Churley:** I don't have the figure. I'm hoping that—

**Mr Carr:** The question is, how much is haemorrhaging?

**Hon Ms Churley:** Yes. But that's not directly to



other provinces. Isn't that also into the United States and other provinces, about \$600 million, correct?

**Mr Carr:** You say \$600 million is what Ontarians are spending at casinos?

**Hon Ms Churley:** Yes, outside of the province.

**Mr Carr:** In the US.

**Hon Ms Churley:** And the rest of Canada.

**Mr Carr:** That's going to Vegas. That's all the other ones.

**Hon Ms Churley:** Yes.

**Mr Carr:** And how much do you think—and let's be specific about the Windsor casino—you are going to keep here as a result of having a casino here?

**Hon Ms Churley:** My deputy is telling me here these are questions that perhaps it might be better to wait for the more technical, instead of them whispering to me and then me—

**Mr Carr:** Actually, I wanted to see how much the minister knew, but I guess we've found out.

**Hon Ms Churley:** I don't think that's a very fair comment at all.

**Mr Carr:** No, it is, because it's revenue-driven.

**Hon Ms Churley:** I don't have the figures, the numbers, in front of me.

**Mr Carr:** Certainly you should be able to know basically, when you're putting this project on the hot seat, how much revenue is expected. I mean, these aren't that difficult questions, I would think. They're the average questions I would ask as a minister. So I don't mean to put you on the spot. But go ahead; you were going to say something.

**Hon Ms Churley:** No, I don't in any way feel put on the spot. I don't have a list of numbers directly in front of me.

**Mr Carr:** I don't even mind if they come forward with some of them. We might run out of time, but these are some of the questions that I think I'd like to put to you.

The other one, which is a political one, is the job losses. Don Abel may know this too. I picked up the Burlington Spectator, and Flamboro Downs, in his riding, was very concerned about the job losses, in the big headlines. I guess Don may tell us a little bit. I guess he had a little bit of a tour. But the people in the horse racing industry are very fearful of the jobs.

You say on page 1 that you're going to create 8,000 jobs. How many job losses do you think will be there in the horse racing industry as a result of the casino coming into Windsor?

**Hon Ms Churley:** Into the Windsor area in particular?

**Mr Carr:** Yes. Just let's talk about this one specifically, because you don't have any other plans for other casinos, you just told me.

**Hon Ms Churley:** Yes, exactly. The situation now with the Windsor Raceway is that, as you may know, they've been having some difficulties for a number of years. We're hoping in fact that because we've outlined so categorically that the operator must work with the Windsor Raceway, what will happen will improve the situation at the Windsor Raceway, because right now for a number of years that track has been in serious enough difficulties at times where it's come close to closing down, and that was before a casino was ever mentioned. So our plan is to work directly with the Windsor Raceway and have some cross-marketing between both the casino and the track and see if we can improve things there.

**Mr Carr:** Okay. The other question relates to the charities. As you know, a lot of them do fund-raising. I think you mentioned some of the figures of how much they raise.

On the last page, page 12, you say that you're going to keep an eye on it and that whatever amount is taken out of the Windsor area charities, "If it is clear...the casino has hurt...we have pledged to work with the charities to correct these effects."

Does that mean that if, the total bottom line, the Windsor charities say "We've lost"—and just pick a figure—" \$100,000 this year," the province will write a cheque out to these charities for \$100,000? That is the first part of the question. Number two, how long do you plan on doing that? And if the answer to the first one is no, what exactly do you mean specifically for the charities? How are you going to help them, other than being sympathetic, if they do lose a lot of money? What are you doing to do for those people specifically, since you raised it on page 12 there?

1530

**Hon Ms Churley:** Yes, as I said, we have worked closely with them and consulted with the charities here, and the first thing we did was to agree to not allow bingo to be played in the casino, and many casinos do, of course, allow bingo. Usually studies show that it's a different clientele that tends to go to these charitable bingos. The organizations here felt quite comfortable with that agreement at this point.

As to the answer to your question about the cheque, no, we haven't determined that if the charities come forward and say, "We've lost \$100,000," we would just write out a cheque for that. New rules under the new act that, as you know, we just brought through the House, have in fact helped charitable organizations raise more money, for all kinds of reasons. I guess what I'm saying is that in some cases it's going to be difficult to determine what is directly related to the casino and what may be related to other factors. That's something we will have to continue to work out a solution for and some kind of formula as to how and where the problems lie within that sector.

At this point, I can't tell you exactly how we would deal with it, but I think the fact that we have sat down with charities and discussed with them our concerns about that—and obviously it's important to the government as well to make sure that the charitable organizations continue to thrive, because the money that they make through their activities goes to very worthwhile causes that the government might have to fund if they were not raising that money. So we will be looking very closely at that.

**Mr Carr:** One other question: On page 8 you say, "For the record, I think it should be left up to the individual." I know one of the other members mentioned that in the past you'd voted against the Toronto casino. I understand you were also opposed, when you were on Toronto council, to such things as beauty contests. I wonder if you've changed your opinion of things like that and if that should be left up to individuals as well.

**Hon Ms Churley:** That's a trick question for you. No, I haven't.

**Mr Carr:** So beauty contests are different, as opposed to casinos.

**Hon Ms Churley:** Absolutely.

**Mr Carr:** Mr Chairman, if I might, and I guess I've got a little bit of time, I will give some time to Mr Drainville to ask some questions.

**Mr Dennis Drainville (Victoria-Haliburton):** Madam Minister, I have a few comments here. I believe I have 10 minutes by this clock that I started when Mr Carr began his comments.

I'd like to begin with the comments that the minister opened up with, and they were comments that basically were sort of repudiating the view that there was ever a policy of the New Democratic Party or the CCF against it. I will only repudiate it by saying that indeed in terms of our policy manual, the minister is probably correct, but is there not also a tradition that was subscribed to by people like J.S. Woodsworth, people like Tommy Douglas, people like M.J. Coldwell, people like Floyd Laughren? Floyd Laughren spoke against the use of such funds from gambling for state important programs four months before the election took place in 1990. So we see a rather quick change of mind, not just a change of time.

**Mr Gordon Mills (Durham East):** That was then.

**Mr Drainville:** That's right. That was then, this is now. In other words, principles are as flexible as the winds of change. I leave that to the honourable member to think about.

I might say, Madam Minister, that it seems to me that in terms of the issues that have been delineated by you, you said, "Is it not the right of the government to put forth legislation or put forth its policy as it wishes?" Of course it's up to the government to do that, and despite

the fact that it has not been part of the tradition of the New Democratic Party doesn't mean that the government can't put forth a policy. Absolutely right. Nobody has ever argued that, though, and that's the thing the minister is missing.

What was argued was that the principle is different from any other government up to now, different certainly from the tradition that was held by members of the NDP and the CCF before. Would it not have been fair to have afforded the people of the province of Ontario the opportunity to discuss the principle of establishing expanded gambling opportunities, including casinos, giving them the opportunity, by putting forth a white paper or a green paper or involving them in some kind of consultation that would say to the people of Ontario, "Yes, indeed, we do care about what you have to say about the principle"?

Now, we have heard from the government that there's been so much consultation. Ah, but Madam Minister, not about the principle, only about the decision to go ahead. "Where will it be? We'll talk to the people of Windsor. You're it, folks, whether you like it or not. We're coming to town. We're going to sit down with you. We're going to talk to all the partners, and we're going to see where we are at the end of the day." That's not what I call consultation, Minister.

The second point I'd like to make is the possibility of plebiscites as raised by the honourable leader of the third party in the House. The point that I think the member was making in that discussion in question period was that it has been seen in most jurisdictions—yes, through the United States and not in Canada—that plebiscites and referenda have been helpful in ascertaining the openness of the citizens towards moving in that direction of establishing new gambling opportunities.

I would say to you, Madam Minister, that as a basic premise, asking the people is not a bad thing. You don't have to do it through the provincial government. You can do it by working with the municipal governments to see that such a plebiscite is put forward. The fact that you haven't thought of that indicates that consultation, again, is not a priority of your government nor of you.

The third point I'd like to make is comparisons. On the comparisons that you make throughout this paper, I wouldn't go as far as the honourable member for Wilson Heights when he says that this is drivel. I would say, though, that some of your assertions are silly. Some of them have to do with the comparisons that you make. Witness the fact you make comparisons in many different areas between Winnipeg and Windsor. In fact, to compare the two is really not even like apples and oranges; it's like a cat and a clothes-pin. The two are so different that they cannot be compared.

What do we have? What's the size of the Crystal Casino, Madam Minister, in Winnipeg? I believe it's about 17,000 square feet?



**Hon Ms Churley:** Sorry.

**Mr Drainville:** I think it's about 17,000 square feet, something like that.

**Hon Ms Churley:** Oh, the size of the Crystal.

**Mr Drainville:** The size of the casino in Winnipeg.

**Hon Ms Churley:** Yes, about 17,000.

**Mr Drainville:** The size of the casino that we're talking about here in Windsor is 75,000 square feet; considerably different. As to the basic rules on how that casino is going to be run, the size of the operation is totally different from that which is envisioned here in Windsor. Different geography: We are across from one of the crime capitals of the United States of America; Winnipeg isn't.

Anyway, those kinds of comparisons really are very silly. I don't know why they're made to begin with. The comparison between live theatre and casinos: What we have with casinos is the establishment by the government of a plan for a regressive tax. This is nothing more than the politics of desperation on the part of the government. You don't want to give people fun; you want to bilk them of money. Let's be straightforward here. You want to grab them by their heels, give them a good shake and get as much money as you can, because people don't win at gambling, they lose. Live theatre is private enterprise bringing culture to people. What we have with the establishment of casinos is the government becoming a friend of the mob. These are different approaches. I just want to bring that to the minister.

You say in your remarks, Madam Minister, that the government does not want to promote gambling. Wrong. You spend scores of millions of dollars every year on advertising on the TV for the Ontario Lottery Corp which says to people: "Freedom. You can have freedom. You can have everything you ever wanted in your life. You want to help Ontario grow and be a wonderful place? Just buy your lottery ticket."

Well, Madam Minister, you do want to promote gambling. You do want people to spend their money. You do want people to give that money to the government. So don't say you're not promoting it, because it's not true.

Crime: You say that what comparisons have been made between the crime, let's say, in Winnipeg and other jurisdictions—let me say this, and I'm not going to look for a moment at New Jersey, and I'm not going to look for a moment at Nevada, but I am going to look at South Dakota, Louisiana, Colorado, and a number of other jurisdictions that speak to you, and they're right here in press reports from those cities that talk about the spiral down of their downtown core, the raising of the real estate values, the increase in crime, the increase in social problems.

It's on public record. You may not be being told this

or maybe you're trying to sell the people of Ontario and Windsor a bill of goods. I don't know. But I'm telling you it's on public record, and if you want chapter and verse, I'm glad to give it to you any day of the week.

1540

**The Chair:** Mr Drainville, I just want to remind you that you have a minute to go.

**Mr Drainville:** I have three minutes and—

**The Chair:** I'm the timekeeper, Mr Drainville, and I didn't dispute what you said. I just want to let you know that—

**Mr Drainville:** That's fine, Mr Johnson. I'll pass my last minute to Mr Kormos then.

**Mr Peter Kormos (Welland-Thorold):** I'm going to talk real fast in these 30 seconds because it's something that's really important, because this Coopers and Lybrand report undoubtedly cost a whole lot of money. I've been dealing with these people ever since I was sitting on a small-town city council back in Welland. They charge by the pound sometimes, and if not by the pound, by the word.

My problem is that not a single survey or focus group was done with out-of-Ontario casino consumers. If you take a look at the appendix of this report and take a look at the conclusions, all of the surveys and focus groups were done with in-Ontario consumers.

In addition, if you take a look at tab 6 and look at the premises, the "Summary of Major Assumptions," it indicates that, "The actual impacts experienced may be materially less," if the reality of casinos do not coincide with what the major assumptions are here. We're talking about things like food; I won't say booze:

"Food and beverage outlets and entertainment facilities normally associated with a full-service casino will be developed.

"The casinos will be open 24 hours per day, 365 days per year.

"The Ontario casinos will be operated similarly to those in Atlantic City, including credit, complimentary and advertising policies."

My problem is, how valid is this? If you're really talking about tourism, you're not talking about recycling Ontario dollars. How come there were no focus groups or surveys of rich Americans, rich Japanese, rich Germans, rich Europeans? How come the only people who were surveyed with a view to what they want as casino consumers were Ontarians whose money is earned here and who do not, in my view, I respectfully submit to you, constitute bona fide tourists, nor would they constitute a major boost to any community's major tourist industry.

We're talking about made-in-Ontario money being spent in Ontario casinos. We're not talking about a single effort to seek out-of-Ontario consumers for these

casinos. That troubles me a great deal, especially in conjunction with the revelation, a week and a half to two weeks ago, that the premise used by the American criminologists is that the people who are going to consumers of the Windsor casino are people who are going to be bused to the front door. A bus is going to sit there, undoubtedly dieseling on, doing whatever that does to the environment, and then cart those people back home to Leamington, Chatham, Lord knows perhaps even back to Welland-Thorold—God bless.

**The Chair:** Thank you, Mr Kormos.

**Mr Kormos:** You can imagine I wish I had more time.

**Hon Ms Churley:** I'll start with Mr Drainville for a moment. In listening to him, I can't decide whether it's a moral problem he has, or just like a lot of other people here, he is saying, "No problem with the concept, but I don't like the way we're doing it." In his comments that wasn't quite clear.

He did go on at great length about the type of casino that we're building and the fact that we shouldn't be comparing it to Manitoba. Let me tell him that most of the comparisons, although he didn't do that today, have been with Atlantic City. It's to the opposition's benefit to try and compare what we're trying to do here in Windsor in close consultation with the city, to do something different that works for this city, to pick out the worst example it can find in the United States, and that's Atlantic City, a town of 35,000 people with 12 casinos on a strip that were all built to bring people in, no benefits going to the rest of the community in any way.

The whole idea is to get people in there to spend their money and to not go out and spend money in the hotels and the restaurants downtown, very different from what we're trying to do here in Windsor, and I think that should be acknowledged up front once and for all.

In terms of the lack of consultation, there were a lot of communities that came to the government wanting, in some cases begging, to have a casino in their municipality, and it was a very hard decision for the government to make, once it decided to move cautiously and slowly, about where the pilot project should be. One of the reasons we chose Windsor, besides the fact that it is the largest border town hard hit by the recession etc, was the readiness of this city to have a casino. The municipality, the city council had already passed a unanimous motion. They wanted a casino here. There had been consultation with citizens, there had been quite a lot of involvement, and people here understood. A lot of the myths that have been talked about around this table today were already debunked here.

I think it's really important when we're discussing the problems associated with casinos—and yes, there are some and we're addressing those—that we don't

exaggerate to the point where it sounds like we're—bringing up the mob, for instance. That's such a myth, that the casinos these days are run by the mob and controlled by the mob. I think it's irresponsible to be bringing up those kinds of concepts, because it isn't so.

In terms of the government's position on casinos, I can only speak for myself on this. I think I've said very clearly that since I've come to government and since I've been in this ministry I've been very involved with the gaming industry in Ontario. We can't ignore it. I already said we can't be hiding our heads in the sand, which I think some people would have us do. There are bingos, for heaven's sake, in church basements.

As far as I'm concerned, gaming is gaming, gambling is gambling. There are some people who say to me, "I go to the horse races, but a casino is morally wrong, bad." I say to them, "I like horse racing, I've been to the tracks before, but to me gambling is gambling." You can't say that a casino is somehow different and more morally wrong somehow than other forms of gambling, including bingos in church basements, which I have nothing against, all the way up to horse racing and charitable gaming.

Gambling is gambling, and I think the approach has got to be the one we're taking, and that is proper consultation, making sure the community is well informed of what's going on and involved, making sure that the policing is dealt with up front, making sure that charities are dealt with; in fact, all of the kinds of things that we're doing to make sure that this casino is made for Windsor and works in Windsor are being done. I think those are the important questions to ask as we sit here and discuss this bill that's before us today.

**The Chair:** Thank you. Does that include your comments from the questions from Mr Kormos and Mr Drainville?

**Hon Ms Churley:** Yes.

**The Chair:** We have some questions from the government members.

**Mr Kormos:** Excuse me, Chair. I suggested the Coopers and Lybrand study wasn't worth the paper it was written on because—

**The Chair:** Yes, you said that, Mr Kormos.

**Mr Kormos:** I was hoping that the minister—are we going to get our money back from Coopers and Lybrand?

**The Chair:** Apparently, Mr Kormos, the minister—

**Mr Kormos:** I was hoping that the minister would address that.

1550

**Mr Robert V. Callahan (Brampton South):** I think they're handling the receivership of the government.

**The Chair:** Mr Duignan.

**Mr Duignan:** Thank you, Mr Chairman. We would



like to maybe just use five minutes of our 20 minutes. I know the minister's anxious to take a break; we would devote 15 minutes of our 20 minutes to the break for the minister.

I just want to make a couple of comments. You know, there are a lot of traditions in the New Democratic Party. One of the traditions in the New Democratic Party, if you look at the manual, is to nationalize one of the banks. I don't think that's an active consideration at this point, whether at the national level or indeed at the provincial level.

Also there is the fact too that when I look across and look at Mr Drainville, he's wearing a "Casino No" button issued, I understand, by the horse racing industry. Am I correct in that assumption?

**Mr Drainville:** Actually, I have no idea. Margaret Marland from the Conservative caucus gave it to me. I thanked her very much. I like the button.

**Mr Mills:** I wouldn't wear it if she gave it to me.

**Mr Drainville:** I think it looks really good with a black tie.

**Mr Duignan:** Here's a button issued by the horse racing industry. There's some paradox, there's some double standard here. It's wrong to have casino gambling but it's okay for the horse racing industry. It's okay to have bingos, it's okay to have lotteries. To me that's a double standard.

Also, the opposition over the last number of years has hammered us in relation to cross-border shopping. Well, \$600 million a year flows south from this province to the casinos down south. Why shouldn't we recoup some of that money back in here from some of the people who actually go south or some of the American tourists, estimated at 12,000 a day, who will come to Windsor? We have a right to that and we are in that area addressing the deficit and the tourism dollar going south.

Also, I want to very briefly—and we will be getting into this as the weeks go on in relation to the back and forth on the numbers of people laid off in the horse racing industry. A number of studies indicate—and I notice one by a professor of economics from the Institute for Policy Analysis in the University of Toronto takes issue at the fact of the Price Waterhouse study done by the Ontario Jockey Club in 1992 that estimates that only some 25,000 to 27,000 jobs are in that particular industry. It also argues that the impact of casino gambling on horse racing handle will be considerably more modest than indicated in the Price Waterhouse study and decreases in wagering in the order of some 5% or 10%. I think that's also borne out, and the Coopers and Lybrand study also indicates on that particular issue as well.

But also the horse racing industry has trouble itself, and that has been emphasized to us by the number of people who have come forward from the horse racing

industry over the last number of months. In fact, look at a newspaper article from the London Free Press, where the general manager of the Woodstock racetrack indicates that he is going to plan to market Woodstock Raceway differently. "Fleming says the Woodstock Agricultural Society, which owns the raceway, is making programs more user-friendly to make handicapping easier for newcomers to harness racing. He said, 'It used to be easier to scratch numbers than to pick a horse. We want to change that.'

"He also has done a number of studies studying the market and has led the society to realize that there must be a change in the horse racing industry to be competitive for the entertainment dollar." That's what we're talking about: the entertainment dollar.

Those are the only remarks I want to make at this time. I'm sure we will have an opportunity over the coming weeks to discuss some of these issues in depth.

**The Chair:** Any comments?

**Hon Ms Churley:** No, I think I concur.

**The Chair:** Mr Mills, you had—

**Mr Mills:** Just a quick comment, Mr Chair, if I may, in reference to a comment that my colleague the member for Victoria-Haliburton made about crime. Everyone's preoccupied with the crime that a so-called casino would bring into an area. I can tell you, Mr Chairman, that I live and spend most of my working days in a block in Toronto off Jarvis Street where just recently there have been four people murdered and the building that I live in—I was told one day not to put any garbage in the dumpster because there was a body in there the night before.

I'd just like to say that crime doesn't necessarily follow on the heels of casinos. It's everywhere, and I refute the allegations that have been made that because we've got a casino in the vicinity, somehow suddenly crime descends.

I'll just tell you, Mr Chairman, that this past Sunday, as my habit is, I was in church and I spoke to one of the congregation and I told her that I was coming here today. She said: "You know, Gord, whenever I go to Las Vegas I feel perfectly safe. In fact, I feel safer there than I do in downtown Toronto." This is an upright, Christian member of the United Church of Canada.

**The Chair:** Mr Duignan, you had something further you wanted to say.

**Mr Duignan:** It's a brief comment I forgot. The member for Haliburton indicated the crime in South Dakota. Recently, in November 1992, there was an initiative on the ballot at that time asking the voters of South Dakota whether they wished to repeal the video lottery terminals. Sixty-three per cent of the people who voted said no, they wished to keep the VLTs.

**Mr Callahan:** They wanted to get their money back. That's why they didn't want to vote. Are you kidding?

**Mr Duignan:** I've always favoured that the winner got at least 60%—

*Interjections.*

**The Chair:** Order.

**Mr Duignan:** Mr Chair, I've always favoured that the winner here at this point got at least 60% of the vote. At this point I would move that we take the remainder of our time and devote it to a break. I understand the minister at this point wants to take a break.

**Mr Callahan:** Can I ask just two small ones?

**The Chair:** Mr Callahan, let me tell you what's happened so far. We had 20 minutes per caucus, and 20 and 20 equals 40, but somehow that turned out to be 60 minutes. You know why you didn't ask a question. I won't say it, but you know—

**Mr Callahan:** I wasn't here.

**The Chair:** That's right, Mr Callahan: You weren't here.

**Mr Callahan:** But I got here. I've come all the way from Toronto and I'm not going to—

**The Chair:** That's right, but the media did want to scrum the minister and the minister asked for a break.

**Mr Callahan:** It's a very small question.

**The Chair:** If we have unanimous consent, we'll do it. If we don't—no. I don't hear unanimous consent, Mr Callahan. We're going to have a 15-minute recess.

*The committee recessed from 1555 to 1612.*

**The Chair:** The committee will come to order. We'll resume the proceedings this afternoon. We're at that point in time where we are about to be presented with a technical briefing by Judith Wolfson, deputy minister, and Domenic Alfieri, assistant deputy minister of the Ontario casino project. Welcome before the committee today. I will open the floor to you to make your presentation.

**Ms Wolfson:** First, I would like to thank the members of the standing committee on finance and economic affairs for its invitation to appear at the public hearings on Bill 8.

You have introduced Domenic Alfieri, the assistant deputy minister responsible for the Ontario casino project, and indeed we have other members of the project here. Our intention is to attempt to assist the committee in any way we can with information about the project, casino gaming, what we've learned about it, specifically how it relates to the legislative framework that we've put in place.

The presentation we intend to give you, should it be the committee's pleasure, would be to give a brief overview—the minister has covered some of the overview—of the casino initiative and gaming activities and the casino industry in particular.

We would then intend to deal with an overarching framework which has been developed for casinos in Ontario, which would include some background information on the decision, the ownership model and the organizational framework that forms the legislative context, namely Bill 8.

The third part of the presentation would discuss some key considerations that have been part of this initiative from the beginning, that being the economic impact of casinos, the impact of casinos on horse racing and charitable gaming, some of which has already been referred to today, the issue of law enforcement, policing and social costs of casino gaming.

We really don't intend to speak in any great detail about any of those, or else we would be in front of you for months, as it has taken months and months to learn and put into context this formulation. But we will try and give an overview and would be pleased to answer any questions the committee would have. If it's your pleasure for us to go ahead, I'll ask Mr Alfieri to—

**The Chair:** Yes, if you would just please proceed with your presentation, and we'll deal with question difficulties later.

**Mr Domenic Alfieri:** Before I get into my presentation, I know the minister has been corrected two or three times already this afternoon, and it's not usually appropriate for a civil servant to do so, but there are some times when even a civil servant must. Minister, the casino project doesn't just work some weekends; the casino project has been working every weekend.

I understand I have about an hour. Each member, I understand, has received a copy of the files regarding the presentation, and basically I'll be following that format.

The announcement with respect to casinos was contained in the spring budget of 1992 as an economic development initiative for border communities. The section of the budget paper specifically said: "Border communities: Many communities, especially those in border areas, have expressed interest in expanding gambling as a way of promoting tourism. The government will establish casinos by working with interested communities and in consultation with charitable and other organizations."

This statement led to the subsequent establishment of the casino project team, which occurred in June 1992, and it was assigned to this ministry, reporting to the Deputy Minister of Consumer and Commercial Relations.

The initial tasks of the project were multifold. One was to establish the initial phases of casino implementation, which consisted primarily of consultation, program development, policy development and implementation. In this connection, one of the first things the project team did was to develop the objectives of casinos in the province.



We took the budget statement and the Treasurer's intentions and from that we developed a number of objectives, which were to act as a catalyst for community economic development, to create jobs; to promote the tourism and hospitality industries; to establish a viable new industry in the province, and to provide revenues to the province.

As an aside, subsequently when Windsor was chosen, we also added some objectives specific to the city of Windsor. Those were to assist in the revitalization of the central business district, act as a stimulus to commercial development and act as a catalyst for economic diversification in the city.

From that point, we undertook a series of consultations. We reviewed the various existing management models across the world. We looked at government-owned operations like you find in Manitoba, Greece and Holland, mixed operations like you find in Puerto Rico and private operations like Nevada and New Jersey. From those, we developed recommendations regarding the appropriate organizational structure to regulate and operate casinos. At the same time, we undertook negotiations with first nation communities on all aspects of all gaming initiatives.

With respect to the consultation process, the casino project has met with large numbers of stakeholders from across the province. The consultations began soon after the project was formed, and numerous meetings were held in September with various stakeholders from across the province, even before the Windsor announcement. These included municipalities, charitable organizations, the horse racing and breeding industry, law enforcement agencies, other regulatory bodies both in Canada and the US, first nation communities and the tourism and hospitality industry.

Following the October 6 announcement whereby Windsor was chosen as the site for Ontario's casino, we held extensive Windsor-specific consultation, which included two all-day events with members of the Windsor community and a separate event with representatives of charitable organizations. On November 17 and 18, more than 60 people from across Windsor met in workshops to share and build on with the project staff their visions of a Windsor casino.

Once we knew that Windsor had been selected and the casino was going to be here, one of the first things we did was to meet with various members of the community in Windsor, from all sides of the issue, I might say, and just worked with them to build a vision for Windsor's casino. On December 7, we met with some 24 charitable organizations in a workshop to look at the impact of the casino on Windsor charities.

A lot has been said about the gaming marketplace in Ontario and I will be saying a few things too, perhaps just to add another level of detail or two. Basically what we have is horse racing, charitable gaming and lotteries.

So the casino, once established, will really round out what's already there and in existence.

#### 1620

With respect to horse racing, horse racing has the longest history of all legalized gambling in Ontario. It provides \$53 million annually in net parimutuel tax to the treasury and is a mature industry. As lotteries and charitable gaming have grown, racing's once monopoly presence in the gambling market has been eroded.

You've got the charitable gaming. As you know, the Criminal Code permits a charitable or religious organization to conduct and manage a lottery scheme by licence, and the proceeds must be used for a charitable or religious object or purpose. Charitable gaming revenues in 1992 exceeded \$1.5 billion and the growth in charitable gaming has been over 1,000% in the past decade. This is largely the result of the emergence of a growing commercial sector which provides charities with facilities, equipment, supplies, services and expertise.

Moving to lotteries, again the Ontario Lottery Corp profits have been relatively stable during the past five years. Gross sales during fiscal 1992-93 reached \$1.6 billion, and in excess of \$450 million is distributed annually to various social service agencies and charities.

With respect to gaming by aboriginal communities, of the 149 bands, 127 first nations in Ontario, a large proportion conduct gambling activities. Small-scale bingo is the most common game on reserves, but since the mid-1980s higher-stake bingos and other games aimed at markets beyond the reserve have been introduced.

Lastly, there is also illegal gaming in the province. So far, I've talked about the legalized gaming. Illegal gaming activities include bookmaking, gambling houses, pyramid schemes, illegal lotteries and the illegal use of video gambling devices or VLTs. Police in Ontario estimate that there are between 50,000 and 75,000 illegal gaming machines operating in Ontario. The actual value of revenue generated by illegal gambling of course is unknown.

That gives you a bit of an appreciation of the size and scope of gambling already existing in the province.

We've also included a chart which gives you a bit of a pictorial analysis of the \$4 billion which is currently wagered in Ontario. Again, in 1992, the lottery wagers were \$1.678 billion, of which the provincial revenues consisted of \$538 million. Horse racing wagers were \$1,070 million and again brought in net revenues of \$53.4 million. This represents 5%. The normal tax is 7%, but 2% is rebated to the industry to assist them with various programs.

Bingos are also a major contributor to wagering, and as much as \$900 million were wagered last year. Again, this goes mostly to charities, so the provincial revenues

are only 1%, which is to cover the cost of licensing and registering etc.

Then we have break-open raffles, for which there's an estimate of \$500 million. The reason the last two are estimated is because many of the licences are issued by municipalities and we don't get our numbers in a timely fashion. Therefore we just thought it was best to make those, but they are fairly accurate.

I mentioned earlier that one of the mandates of the casino project was to address the issue of aboriginal gaming. In March of last year, the ministry was given authority to negotiate agreements with first nations with respect to the self-regulation of charitable gaming activities on reserve. Negotiations are currently under way with a number of first nations. I believe the first agreement was signed at the end of June and others are currently in the making. The purpose and intent of that is to provide them a greater opportunity for self-regulation with respect to charitable gaming events.

We have made a distinction between charitable gaming and casinos in respect of first nations. Again, charitable gaming is currently administered and licensed either by the province or through municipalities. The extent to which first nations wish to become involved in a more direct fashion, as long as that is done within the parameters of the policies and regulations, is something that the government has encouraged us to get involved with and, as I said, a number of negotiations are under way.

With respect to casinos, again we have to look at the casino market as being a very finite market. Whether one agrees with this, agrees with Coopers and Lybrand—they have indicated what the market potential is and therefore any future developments of casinos have to be done conjointly. It cannot just be done by way of you license a first nation and they can set up a casino, because there are 800 and some odd municipalities in Ontario, 127 first nations, and obviously Ontario cannot have 1,000 casinos. So any development or negotiations in respect of casinos will have to be done from a broader perspective, taking into consideration the market conditions.

Looking at casino gaming in Canada, British Columbia and Alberta have permanent charitable casinos, Saskatchewan and the Yukon have temporary charitable casinos, and commercial casinos are currently found only in Manitoba. They started with one, the Crystal Casino, and in the last few months they have opened two more. Quebec is in the process of implementing one in Montreal, which is scheduled to open on October 1. They have announced a second one in Charlevoix; no further details are known by us in respect of that. Ontario's of course is in progress, as that is the reason why we're here. You may have heard or read that casinos are also being very seriously considered in Nova Scotia.

If you look at the map of casinos and devices in Canada you will see that it is quite full, with the exception of Ontario and Quebec, and even as we are speaking, that map should be starting to get coloured because Quebec will be having casino gambling within a month and a half or so, and we do propose to start Ontario in January.

Looking at the North American scene, five years ago, pre-1988, in the US only Nevada and New Jersey had legalized gaming by way of casinos. In the last five years, Colorado, South Dakota, Iowa, Illinois, Louisiana, Mississippi and Missouri have riverboat gambling or permanent land-based casinos. Connecticut, Michigan, New York—by the way, these notes say "approval in principle"; New York now has a native casino which just opened near Syracuse—Minnesota, Washington, Wisconsin and North Dakota have on-reserve gaming that includes casinos.

Under consideration, we know of New Hampshire and Massachusetts, and I understand seven or eight additional states are looking at that. If one looks at the map again, the pre-1988 map, you will see that it's very white, just Nevada and New Jersey are coloured, and if you flip the page, you will see that in the last five years that map has also been filled to a very large extent.

There are some trends in the gaming industry that we have had to consider and I think should be considered in looking at the situation. Casinos have gone from a relative degree of geographic isolation. Again, prior to 1982 they were only located in Nevada, the middle of the desert, and people had to go there. It was destination gaming. If you wanted to gamble, you had to go there.

But now they have moved and they are moving to much more densely populated urban areas, and even native casinos are located close to within two- or three-hour drives. If you look at the one in Connecticut, some 24,000 people drive there on a daily basis to gamble. They come from between one and four hours just to go there and gamble.

#### 1630

They have moved from a pure gambling experience to a more complete, family-oriented entertainment package, especially those in Las Vegas. With the proliferation of casinos throughout North America, the Nevada casinos are becoming more of the nature of offering entertainment packages, and hence you see family entertainment: You see volcanoes, tigers, dolphins, aquaria and a variety of other types of entertainment included with the casino.

We have moved from very limited opportunities in two locations to many locations and different varieties: riverboats, on-reserve, urban etc.

So this is the same. This is what we are facing in respect of that.

Many questions were asked about the location and



number of casinos, the ownership and management and how it's going to be organized. The next section of our presentation addresses that.

Again, on October 6, Windsor was announced as the site of the province's first casino. The reason for having one casino was primarily the result of stakeholder consultations that were undertaken prior to October.

What we heard from communities, not only in Windsor but throughout the province, was that we should proceed cautiously, that even though casinos may be beneficial we should limit their numbers, that people did not want to see another Nevada or another Las Vegas.

The government thus committed itself to proceeding cautiously inasmuch as this was a new venture. There was a need that we develop a made-in-Ontario model which reflected our conditions and our values. It was necessary to enable us to develop an appropriate regulatory framework before any expansion. Again, it was announced as a pilot and it was felt that, "Let's try one and let's see how the regulatory framework works before we proceed." It was necessary to develop a working model for us to be able to understand the nature and impact of casinos in an Ontario context.

The minister has already indicated why Windsor. Again, the budget statement indicated that it was in response to the conditions of border communities. Windsor is the largest of Ontario's border communities. Windsor had widespread community support. Community support in Windsor started even before the budget announcement. Windsor had the suitable infrastructure to deal with the type of casino we wanted to see, and Windsor was very close to a large urban population. Again, with current casinos you have to be close to the urban population for them to be successful. Within 100 miles of Windsor there are 7.5 million adults—7 million in the US and half a million in Canada—and within 200 miles of Windsor there are 18 million adults—15 million in the US and 3 million in Canada. This is considered by industry standards a very hot market. Of all the available markets currently, New Orleans may rate as perhaps a better market, but beyond that Windsor is the kind of market that would make the casino and the objectives of a casino extremely successful.

We also looked at the ownership, management and operation of casinos. Who should own them? Who should operate them? Who should run them? How should the profits be derived?

We did look at a number of options. The four that we short-listed, if you will, consisted of a 100% government-owned and -operated model like Manitoba, a 100% government-owned but privately operated model with a private operator as agent to the crown, a joint venture where we would enter into partnership with a private operator on an equity basis and operate the casino jointly and, lastly, we looked at the 100% private

model à la Nevada or New Jersey.

We very quickly discounted the last one, 100% private, because we didn't feel it could withstand the requirements of the Criminal Code. The Criminal Code indicates that in any place where you have slot machines the province must conduct and manage the games. However liberally one wants to interpret "conduct and manage," we at the project felt that "conduct and manage" does not extend to a total system of private operation, that the province needed to be involved in the policy development and the overseeing of the operation as a minimum.

The decision that the government made was for a government-owned, government-controlled regulation of all management aspects, but the operation will be done by the private sector as an agent of government. The rationale for that is that we learned through our consultation process that the casino industry is a very, very competitive one. As you saw from the map, it's getting more and more so all the time. Public servants, however good they may be at regulating and doing other wonderful things, are not that great at running private enterprise systems, especially those that are subject to a lot of competition.

There was a feeling that if we wanted the competitive kind of casino that would have to compete with the potential casinos in Detroit and across North America, we needed the kind of marketing and management expertise that only the private sector has built up. When one looks at Winnipeg, Winnipeg's initial casino and the two new ones cater primarily to local people. The most telling thing about Winnipeg—and this may be good for Manitoba—is that many Manitobans go down to Minnesota to gamble in the native casinos, because they are operated differently perhaps. I don't know the reason for it.

Obviously, the casino we wanted in Windsor was one that would not only fulfil the objectives in the short run but would be competitive in the long run. To do that, we felt that a mix of government ownership and regulation with private sector expertise was the best way to approach it, as far as we were concerned.

Basically, what we have is private sector involvement and 100% government ownership. We developed the model in a way that optimizes revenues to government. We felt originally, in the RFP, and the proposals have confirmed that, that we could own a casino without a penny of government investment. As you know, we have received nine proposals that speak to the private sector being involved in the financing, designing, constructing, furnishing, equipping and operating, but the casino itself, the gambling business, the licence, will be held by government.

When we looked at the organizational framework, how should the government's involvement in the casino unfold, we looked at two options: One was a single

casino crown agency, a model similar to the lottery, whereby both the regulatory aspect and the business aspect are carried out by the same organization. The second was a model whereby a commission would be set up with regulatory, adjudicative, investigative and audit functions, and a corporation would be set up with operational and business functions; in other words, separating the business from the regulation. The decision was for the latter, a bifurcated system, as we call it, whereby one agency will be responsible for carrying out the overseeing of the honesty and the integrity of the games and another agency will be responsible for the actual business.

The rationale was that this separation of functions ensures the impartiality and independence of regulatory decision-makers and that dual entities create the checks and balances between revenue generation and other social and economic objectives. In other words, we felt that it would not be appropriate to be a referee and a player in the same game. We don't know how appropriate that may be for the lottery—obviously, it must be working well—but we felt that for this kind of commercial enterprise a bifurcated system would be better.

Bill 8 does a number of things, one of which is to set up the Ontario Casino Corp. As you know, it was introduced in the Legislature on May 5 and received second reading on August 3. This bill establishes the Ontario Casino Corp and, as set out in the legislation, the objects of the corporation relate to the conducting and managing of lottery schemes and casinos on behalf of the government. As I said earlier, the corporation will be responsible for the business and operating aspects of the casino.

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We envision the corporation to be a schedule 2 agency which covers agencies with a revenue-generating commercial orientation. The agency will be funded out of casino revenues.

The fundamental principle used in developing the OCC will be to develop an entrepreneurial organization which hopefully will be efficient, effective and unburaucautic.

The premier responsibility of the OCC will be to establish casinos in Ontario as directed by government and to manage and conduct casino gaming in Ontario, ensuring that the requirements of the Criminal Code are satisfied.

The corporation will ensure that games of chance played in casinos are conducted and managed in accordance with the proposed Ontario Casino Corporation Act and with the proposed Gaming Control Act and regulations made under those acts.

The OCC will consist of a relatively small staff to enable it to be proactive in the marketplace and to have the ability and flexibility to adapt to future changes in

government policy and in the international gaming market. We hope to design it in a way that will be highly effective and efficient.

The corporation will develop and administer the operating policies of casinos in Ontario in partnership with the private sector operator and subject to requirements of the Gaming Control Commission. The OCC will also have overall control of any related businesses that offer goods or services to persons who play games of chance in a casino.

It will also be the responsibility of the Ontario Casino Corp—and this resulted early from the Windsor consultations—to foster and maintain good community relations and to work with any community advisory committees that may be established in areas with casinos. We've already committed in Windsor to the setting up of an advisory committee from the community.

Next we have the commission, and again Bill 8 amends the Gaming Services Act by extending coverage to those who supply goods and services to casinos as well as to charitable gaming events.

As I'm sure you will recall, the Gaming Services Act was just proclaimed last February and went through extensive consultations and debate, and we looked at all the options for presenting a bill. The decision was to build on it and add casinos to the overall context of the Gaming Services Act.

The February amendments have also done something. They have increased considerably the size and scope of charitable gaming. Moving betting limits from \$2 to \$10 and the number of tables from 20 to 30 in a normal event has resulted in a 750% increase in the size and scope of the charitable gaming. So when you see these Monte Carlo nights or charitable casinos going on throughout the province currently, you can bet up to \$10 a pop there so that it's become more or less a moving casino, if you will, minus slot machines of course. It's only table games, but we felt, in reviewing all that and given the changes, that that particular process itself should be subject to a tighter regulatory framework. This is why we married the casinos and charitable gaming and made the commission responsible for both, so now you have the Gaming Control Act and the Gaming Service Act and the Gaming Control Commission will be responsible for both casinos and charitable gaming.

The act requires the appointment of a minimum of five commissioners and the commission will be made up of three sections: registration, enforcement and audit.

The registration branch will be responsible for receiving and reviewing all applications for registration under the act and to determine whether registration should be granted, denied or suspended.

The enforcement branch will be responsible for conducting investigations and applicants seeking regis-



tration; conducting undercover investigations on gaming activities; investigating violations of the act and regulations; investigating post-registration problems such as hidden ownerships and any other aspect that may involve any type of cheating or any type of criminal involvement.

The audit section will be responsible for conducting scheduled and unscheduled audits of casinos and charitable gaming operations; auditing financial records submitted by applicants for registration; and reviewing and evaluating registrants' internal control systems for compliance with the regulations, and again I want to stress both for the casino and for all forms of charitable gaming.

There will be opportunity for the commission to conduct hearings into any aspect that they feel may be required in the discharge of the commission's responsibilities. I should stress that the commission, in addition to these three operative sections, will also have a policy and legal function to assist it.

On the next page we have a chart of really the basic sections that I have currently described, and I also want to stress that there will be many regulation-making powers provided in the legislation. As examples, we have indicated that the rules of play of games offered in the casino will be subject to regulations; rules governing the granting of credit to casino patrons; money-handling procedures in the casino; security and surveillance plans and standards etc. In addition, there will be a gaming control hearing tribunal which will be established as a special panel of the Commercial Registration Appeal Tribunal. The purpose of the tribunal will be to conduct hearings under the act and hear appeals respecting the denial, suspension or revocation of a registration.

Now, we did not want to establish yet another agency, but we felt very strongly that this particular aspect was somewhat different from the normal activities of the Commercial Registration Appeal Tribunal's functions, and the legislation provides for a special panel to be created under that tribunal to deal exclusively with the Gaming Control Act.

The next section deals with the economic impact of casinos; the policing and law enforcement aspect, which has been discussed at length both here this afternoon and in the Legislature; the social impact; impact on the horse racing industry; and impact on charities. In developing our approach to this, initially we started from a provincial context. When Windsor was announced, we focused on the Windsor situation for the purpose of developing the Windsor casino, but in doing that we also kept the provincial picture in mind throughout our deliberations.

I'm going to go over some ground which has already been discussed, and please bear with me on that, but I may be able to provide a little more detail.

When Windsor was announced as the site, we immediately set up a number of task groups between the Ontario casino project and the city administration. One of those task groups dealt with the development of an impact study of the Windsor casino, and this is where the numbers that have been discussed come from. We did solicit the assistance of two professors, one from the University of Windsor and one from McMaster, to assist us, but the numbers you see are numbers that were developed jointly with expert assistance, but they were developed by the project team and the city of Windsor.

I wish to stress that these numbers are very conservative. We started by taking the approach that eventually we will have competition from across the river, that Detroit will eventually have casinos, so again we started with the premise that anything we put in place had to withstand that kind of competition. We had no problem in forecasting 12,000 daily visitors. Again, this casino being close to an urban market, 80% of them will be day-trippers. They will come by bus—about 100 or 150 buses a day will be coming here—and they will drive, and 80% of the 12,000 will come, spend four or five hours, spend between \$50 and \$80, and go home. The other 20% will stay at least one night; 10% will stay two nights. Those small numbers alone will be enough to fill all the hotels in Windsor and to really provide an economic boost to the downtown and the rest of the city.

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We anticipate that fully 80% of casino patrons will be from outside Ontario and that they will be bringing new dollars to the province.

The casino—and these are minimum numbers, they are very, very low-ball numbers because we didn't want to create any undue expectations; we wanted to make sure that we took a very realistic approach—will create at least 2,500 direct jobs in the casino complex and at least 5,500 in the rest of the city and surroundings, for a total of 8,000 jobs.

New provincial revenues will be in excess of \$140 million annually, and these will consist primarily of a tax on gross revenue which the Treasurer will take off the top, plus the profits that will be left once the expenditures of the casino are paid for.

The 12,000 people who will be coming here every day will bring in excess of \$300 million of tourism-related expenditures. This will be \$69 million for accommodation; \$27 million for auto-related servicing; \$18 million for transportation-related, buses and trains etc; \$117 million on meals alone; \$53 million for entertainment and recreation and \$36 million for shopping.

Now, these numbers do not square off completely with Coopers and Lybrand; Coopers and Lybrand projects even better numbers. But as I said, we took a very reserved approach. We felt that it was our first

experience, and even though we were pretty comfortable with our numbers, we purposely took a more reserved approach.

The Coopers and Lybrand study was received by us Friday and copies will be made available to each of you. I'm not going to go into a lot of detail. Coopers and Lybrand, I understand, has been asked to appear before the committee and make a presentation in Toronto, so you will have an opportunity to grill them on their findings. But we did feel it was necessary to conduct that study. We felt it was important to determine the potential market for casino gambling in Ontario and to identify and quantify to the extent possible the benefits and costs, such as job creation, revenue generation, growth of tourism and other social and economic impacts.

I recall very clearly that there was a need to do this from the beginning, but that we needed to proceed with caution. There was need for that kind of study and the necessary data to be obtained and analysed before any further decisions were made with respect to casinos in the province. This was done at a time when many municipalities were writing and lined up with requests that since Windsor had the casino, they also wanted one, and first nations were doing the same thing. I think there were at least 25 municipalities that made either formal or very overt expressions of interest for a casino, and in our negotiations with first nation communities on charitable gaming some 25 had expressed a different degree of interest in casino operations.

We felt an economic market study was necessary before one did any further work in that regard. It was the week after I was appointed to this, but during the debates of the estimates of the ministry, I think all sides in the committee strongly recommended that some market study be conducted.

By way of quick summary, Coopers and Lybrand indicate that there are four market areas that could sustain casinos in excess of 60,000 square feet. The reason for 60,000 is that this is what's normally called the critical mass in casino operations for large-scale casinos. They identify—and these are only centroids. We asked them to only identify regions, but they felt that saying region A, region B and region C would not really be helpful to anyone, so when we mention cities and towns, it's only for the purpose of identifying the region, because otherwise it would be difficult to follow the trend.

But the Niagara Falls region, the Ottawa region and the Toronto region could stand casinos of that size, and they estimate that Toronto could stand 175,000 square feet of gaming, which could be two or three casinos. There are three market areas that could stand something between 10,000 and 60,000, and that's the Sault, Sudbury-North Bay and Thunder Bay. They recommend that if any further development has to take place, these

seven market areas be the ones that one concentrates on first. Beyond that, if further development is contemplated, then they identify Cornwall, Huntsville, Kingston, Sarnia and London-Kitchener as potential markets.

Their main findings, based on these assumptions, are that there is a significant latent demand for casino gambling in Ontario; that 24 million new tourist visitations would come annually to the province; that this would bring an estimated \$2.3 billion in gross revenues annually; that the construction alone would create 13,000 person-years of employment; that the seven market areas would create in excess of 97,000 full-time, permanent jobs.

As you know, there is a whole chapter dedicated to the social impacts, and they conclude that the attendance and wagering at racetracks in Ontario may not be seriously affected and they recommend measures to mitigate any negative social impact.

Dealing with the policing situation, we were always told from the beginning that safety and security would be a priority and that any additional costs relating to law enforcement would have to come out of casino operations.

At the beginning, there was a committee set up which was chaired by the casino project, which was a committee of law enforcement, and it developed the initial approaches, after its initial consideration, in consultation with the Windsor police, the Ontario Association of Chiefs of Police and the OPP, the casino project and these three agencies.

We divided law enforcement into three areas: internal security, which helped with surveillance of the gaming area, background checks etc, and the responsibility for this was assigned to the Ontario Provincial Police; external security, which dealt with the Windsor-related situation, like traffic and street crime, and the responsibility for that was assigned to the city of Windsor Police Services; beyond that, there will be intelligence, and the responsibility for any intelligence matter was assigned to the units of the various police forces operating in the province through a joint forces operation.

The Windsor law enforcement committee, by way of membership, includes the Windsor Police Service, the RCMP, the OPP, the Ontario Association of Chiefs of Police, the Criminal Intelligence Service Ontario, Canada Customs and the Ontario casino project. Chief Adkin brings in audits as required, depending on what's being discussed.

With respect to the issue regarding the difference in projections for additional officers to address the situation in Windsor, as you know, the chief of police produced a report which recommends 30 additional officers plus a number of additional civilian complement. We have been discussing this with his staff for a



few months. In doing that, we also sought the assistance of Gail Walker, who's got experience in police services needs assessment throughout Canada and has done a lot of work for the Ontario Solicitor General. When it came to the point where it became necessary to have a review of the chief's report made, we contracted with Professor Albanese from Niagara University.

As you all know, the conclusions varied somewhat, all the way from 12, as Professor Albanese suggested, while Gail Walker suggested that 15 would more than suffice and the chief asked for 30. We have had two meetings with the chief in the last couple of weeks, and I'm pleased to report that we are well on the way to resolving our differences. I'm sure that it will not be long, perhaps as early as this week, where we'll be able to come up with some numbers we will all be comfortable and we will all be able to live with. I want to say that my instructions on this are very clear: "If you have to err, Domenic, err on the side of safety and security."

1700

A lot has been said in respect of benefits and costs, especially as it relates to horse racing. I understand that I have kind of taken all the time. I know that those two will be discussed both tomorrow, perhaps, and during the hearings in Toronto, so with your leave, Mr Chairman, I'll stop here, and if there are any questions in relation to anything that I have not yet addressed, I'll be happy to answer them.

**The Chair:** Thank you, Mr Alfieri. Again, I'm in the hands of the committee at this point in time. We are just shortly after 5 o'clock. I'm sure that many members of the committee would like to ask some questions. We have a couple of people who have certainly already indicated that. I was just wondering how long the committee would like to sit this afternoon, given that we were planning to be done about 5, but we can stay as long as the committee chooses—

*Interjection.*

**The Chair:** Until we're finished. That sounds like a good place to start.

**Mr Duignan:** At this point we suggest maybe 15 minutes for questions for each party.

**The Chair:** Is that agreeable?

**Mr Drainville:** Seeing as there are some members here who aren't aligned with the party, I would just like to say that I certainly have a few questions I'd like to put to the deputy minister and the assistant deputy minister, so whatever considerations are made, I would hope that I would have some time, Mr Chair. I leave that in your hands.

**The Chair:** That's up to the committee to decide. It's not my decision, but however the committee chooses to decide how the time will be appropriated among all members will be their decision. Right now we have agreed to 15 minutes per caucus, which is 45 minutes total.

**Mr McClelland:** I don't know that we have agreement on that, Mr Chair.

**The Chair:** Well, I don't know that we do either, but—

**Mr McClelland:** Let's proceed and do the job and get it done with. We're being paid to be here; we're being paid to do a job. Let's do it properly.

**The Chair:** I think that's very clear, Mr McClelland. If it's agreeable for 15 minutes, we'll start with that.

**Mr Kormos:** One moment, Chair, please. Is the Chair indicating that all that's going to be allowed is 15 minutes per caucus?

**The Chair:** I'm in the hands of the committee, Mr Kormos.

**Mr Kormos:** Is that what you just indicated?

**The Chair:** What I'm hearing is, that may be agreeable; it may not. If someone wants to offer me another suggestion, then we can entertain that; we can vote on it if we have to. But I'd certainly like to get on with the business of the committee as well.

**Mr Carr:** Can I make a suggestion? What I would suggest, since we have two members, is, why don't we start with 15 minutes for Liberals, 15 Conservative, 15 NDP and 15 for the other two members? That would then take us to an hour, so we'll round it off and then we can decide at around 6 o'clock whether there are enough questions to proceed or whether we want to end it there. That would be certainly fair, I would say.

**The Chair:** I'm in the hands of the committee. I want to let the committee know at this time that I also have some business that we have to deal with at the end of the day that might take probably 5 or 10 minutes.

**Mr Duignan:** Mr Chair, we can start with 15 minutes, but for each party. If the opposition party wished to concede some time to two of the non-members of this committee, that's fine, but we're just in favour of equal division between the three parties.

**Mr McClelland:** Let's not play games. Make it 20 minutes. I'm here to do a job. We spent 10 minutes arguing about this. Six o'clock is a long day. We had a long break. We started after 2 o'clock, so let's get on with it and stay here and do the job and get through it. If it runs us until 6:15 or 6:30 and it cuts into the government's cocktail hour, so be it.

**The Chair:** Am I hearing, then, 20 minutes per caucus?

**Mr Carr:** Round it off to an hour; 20 minutes per caucus.

**The Chair:** Okay, 20 minutes per caucus. Mr McClelland, you're up first.

**Mr Kormos:** On a point of order, please: I can tell you that I don't anticipate asking any questions of the deputy minister or the assistant deputy minister. However, you may recall, Chair, that when I spoke to this

issue on second reading, I indicated, and I'm sure Mr Drainville indicated, that there would be members of the Legislature seeking to exercise their right to participate in committee process. I've done this before; you know that. You also know that non-members of the committee cannot vote. I understand that full well.

There is, however, by virtue of the standing orders, a right to participate in committee process. It is my submission that this right is an overriding right and that by dividing up time in such a way—and as I say, I'm already indicating to you that I don't anticipate asking any questions. I'm confident, however, that Mr Drainville does. If there's to be a right for a member of the Legislative Assembly to attend at and participate in committee hearings, to abrogate that right by virtue of restricting the total amount of time to time that's merely distributed among three caucuses I submit to you is entirely out of order.

I submit that you have a very significant and residual power, notwithstanding that type of agreement, so that you can give effect to the standing orders to permit Mr Drainville to ask questions in his own right as is his right by the standing orders, notwithstanding an agreement by caucus members of the committee to distribute their time, be it 15 minutes per caucus or 20 minutes per caucus. I think that's a very important difference.

**The Chair:** I think at the end of the day Mr Drainville will find that he has had some time to ask questions. I think that will certainly recognize his rights as you've indicated. We'll start with Mr McClelland.

**Mr McClelland:** Assistant deputy, thank you for your presentation, and deputy, thank you for being here and helping us with the task we have before us. I wanted to pursue one issue for the time being, and then I'll leave the rest of the time to my colleagues. The concern I have basically turns on your assertions and statements in terms of the mandate or the genesis of the project to revitalize and stimulate the economic viability of this community, the rationale for choosing Windsor, and it starts with that.

It seems to me we have a bit of a problem here that I'd like you to help me with or flesh out somewhat. You have acknowledged, and quite frankly I'll confess I was surprised, that in your projection of numbers, both in terms of numbers of visitors, you had accounted for the probability of a Detroit-based casino. I'll tell you in all candour that I had presumed your numbers were in fact based on a Windsor casino standing alone in the prescribed market that you are attempting to tap into.

I'm curious, then, in part as to how you propose or you and your team came up with the numbers that you have, given the fact that in the marketplace of presenting a product you were going to compete with a casino that provides a broader range of attraction to potential tourists. In other words, you're going to go halfway. Just bear with me; you're shaking your head. You're

putting in a casino. You're limiting a number of things, including the availability of alcohol, space and so forth.

I guess the question I have is, I'd like to ask you if you can make available to us the data that you used to extrapolate the projections that you have. I'd be very curious to see them. I think the committee members would want to see that. Quite frankly, I find it extremely optimistic. I'd be delighted to see those numbers that show that in the face of competition in Detroit that I think is probably inevitable and likewise probably inevitable with New York—as you are all aware, New York has an option to purchase at this time 140,000 video lottery terminals with option to locate specifically in border communities. I'd like to see how those numbers figure into it. I'm asking you and asking the minister if you could make those data available to committee members.

**Mr Alfieri:** We have intentionally not made that data available yet because of the request proposals. We do intend to eventually make it available and make it public, but I'm not sure that could happen before we finish that particular process.

**Mr McClelland:** In short, what you're saying, then, is after the deed is done and after the legislative process is complete, it will be then appropriate for members of the legislative committee and ultimately members of the Legislative Assembly to be given the data after the fact; a curious way of doing business in a democracy, it seems to me, assistant deputy.

1710

**Mr Alfieri:** I do appreciate that, but the intent is not that, inasmuch as we hope to complete the process by October, mid-October some time, and I'm not sure that this process will have been completed by then.

We did require a request for proposals. Many of the proponents asked us for our data and we said: "No way. We want you to go and look at the market on your own. This is going to be part of our evaluation of whether or not you know what you're doing."

But I think I should indicate that the Windsor-Detroit market can take four casinos the size of what we are projecting to put in place here. We did our projections keeping in mind that Detroit would eventually have casinos. If you look at the market and you look at the access, if you look at the industry, they will tell you that Windsor could have as many as four of the same size. Of course they're not going to have that; (a) they don't want it, and (b) the government, again, is proceeding cautiously. If there are going to be more casinos, the assumption is that they would go elsewhere. We don't want strips of casinos like New Jersey etc. We don't want to do anything that overpowers a particular city.

But if and when Detroit gets a couple of casinos, industry experts will also tell you—have told us, and we concur—that the synergy this creates is good for both



municipalities. We are not afraid of the competition from Detroit. The casino that we have requested proposals for will be a very classy operation. It will have all of the amenities that are required for it to be commercially competitive. We offer a more safe and secure environment here. We do not tax winnings directly here. We have a lower dollar, which means that for the same money you get 25% more play, and people do come to play, not necessarily to win, but they come to play.

I think that we have enough to offer here by way of amenities to be able to do that, but if Detroit gets a couple of casinos, and we are talking about this with the mayor and the mayor of Detroit too, I think that it will not be necessarily to Windsor's disadvantage.

**Mr McClelland:** I don't want to get into debating that issue at this point because of respect to the time, but I do want to say this and I want to put on the record we are as legislators charged with a fairly significant responsibility. Our concern from our party is in terms of the mandate of this committee. It's a finance and economic affairs committee.

We have no qualms with the casino per se. One of the concerns, as indicated by Mr Kwinter and myself, is that we want to make sure that if it's done it's done right for the benefit of this community and other communities where you're going to go. We have the ability, and you know that quite well, to receive documentation and to hear presentations made in camera.

We were sworn to a fairly high standard, sir, of accountability if any of that should be violated. I would put to you and I put on the record, Mr Chairman, that we have requested officially, the opposition, access to those documents. I'll leave that with you at this point and will not belabour it at this point, but I assure you we'll bring it up again. I think that it's imperative that the committee have access to that data to make a reasoned and intelligent decision. I remind you again it's the finance and economic committee, and I think it's a very crucial, in fact pivotal, issue in terms of the viability of the project as prescribed by the request for proposal for this community.

With that, Mr Chairman, I think I'd like to move because of respect to my time.

**The Chair:** I'm actually in charge, Mr McClelland, and Ms Wolfson would like to make a comment.

**Mr McClelland:** Mr Chairman, without your smart comment, I'm just saying I'm concluded and passing on to colleagues.

**The Chair:** And I want to tell you, Mr McClelland, that I'm in charge and I have a list of people here and your colleagues will indeed get a chance to speak. Ms Wolfson.

**Ms Wolfson:** As the committee may know, I am the chairperson of the selection committee for the operator, and indeed we are very cognizant of the concern not to

compromise the commercial integrity of that proposal. I would see no difficulty with the members of the committee tabling in camera the work we have done with the city of Windsor that led us to those conclusions, but I am very conscious that we want to be extraordinarily careful not to compromise the commercial integrity of this selection process, which indeed is complex and highly competitive. So perhaps we can discuss with the clerk of the committee the kind of process that we could put into place to have that information available in camera to members of the three caucuses and for the committee's review.

**The Chair:** Thank you, Ms Wolfson. We'll deal with that as this information becomes available. Mr Kwinter.

*Interjections.*

**The Chair:** You're up next, Mr Callahan.

**Mr Kwinter:** To use the old cliché, I feel this is déjà vu all over again.

**Interjection:** Baseball again.

**Mr Kwinter:** I can have visions of bureaucrats sitting before a cabinet committee justifying the investment in Minaki Lodge and making all the arguments. One of the concerns I have—well, not the concerns, a point of information. You talk about this bifurcated model going to two different ministries. What are the two ministries?

**Ms Wolfson:** The commission will report to the Ministry of Consumer and Commercial Relations. As to the corporation, there has not yet been a decision on which ministry it will report to. Under consideration would be the Ministry of Economic Development and Trade or the Ministry of Finance.

**Mr Kwinter:** I'm not being critical.

**Ms Wolfson:** No, no, no.

**Mr Kwinter:** I'm in support of that. I just want to know where it's going.

**Ms Wolfson:** A final decision, Mr Kwinter, has not been—

**Mr Kwinter:** I think that's something that should happen with liquor regulation, as well. I think it's absurd, and I say this with all due respect because I was minister of both—

**Interjection:** He was there.

**Mr Kwinter:** I was in both. I think it's absurd that the CCR is negotiating trade deals on beer when it's just a regulator, whereas there is an adequate ministry to do that.

One of the things I'm concerned about is, in your development of the economic model, when you talk about this \$4 billion of gambling money, is that figure elastic or inelastic? Have you determined that?

**Mr Alfieri:** I'm sorry, elastic or inelastic?

**Mr Kwinter:** What I'm trying to say is, is there \$4 billion out there that goes to gambling, and if it goes to casinos it's not going to go somewhere else, or is it new money that will come into it because now that there's a casino, people will say, "I've never gambled before but I'm going to go to this casino," and have new money?

**Mr Alfieri:** Again, for most of the new money for the Windsor casino, 80% of that would come from the US, so 20% will come from Ontario.

**Mr Kwinter:** No, I'm talking about the Ontario money.

**Mr Alfieri:** As to the elasticity part of that, I guess some would be elastic. There will be some seepage from some other place and people will say, "Look, instead of going to this Monte Carlo, I'm going to go to the casino." But again, with respect to the great majority of the similar kinds of things, we do not feel there is that much elasticity, assuming that elastic means it's going to seep into the casino.

The only concern that was expressed here was for bingos, and of course bingo is not going to be in the casino. We made a conscious decision at the initial stages that bingo would not be played in the casino because that would definitely have a detrimental effect. The only other aspect that lends itself to elasticity, we feel, is the Monte Carlos and we are going to be monitoring those extremely closely to see what the potential impact is.

**Mr Kwinter:** The last point I'd like to ask about builds on my colleague's comment about the market, as to what happens if a casino goes into the Renaissance Center. My concern is that when you show your maps, you show Las Vegas and Atlantic City, and that then suddenly there's a proliferation of casinos all over the place, everywhere.

I had this same argument, when I was the minister, about the West Edmonton Mall. They wanted to put one in Toronto and they kept saying that Edmonton was a destination resort because people took their vacations to go to the mall. It just boggled my mind that anybody would say: "I'm going for a vacation. I'm going to go visit a mall." But what happened is that that thing has now fallen on very hard times. It's literally on the verge of bankruptcy and has had lots and lots of problems.

My concern is that a lot of your modelling is done on a basis where it is a destination resort, where people are coming here because the *raison d'être* of their vacation is to gamble. I think that applies when you go to Las Vegas, without question. I'm just giving you my impressions, and I would like to know whether you've done any studies. I don't think that if there are lots of them around, people are going to suddenly say, unless there's a competitive situation, which is a whole other issue, "I'm going to go to Windsor to do my gambling,"

when I can go to downtown Detroit or I can go to Chicago or I can go here or Las Vegas or wherever. How does that impact on what you're doing?

1720

**Mr Alfieri:** Right now, 24,000 people a day go to a first nation community—call it a tribe—in Connecticut to gamble at a site which is located in the middle of a field. Again, 80% of all the people coming to any urban casino will be day-trippers. So the ones who take a vacation, the ones who are going to stay one night or more, as we had indicated, will represent about 20%.

We do intend to put in place a first-class operation. The complex that will be built on the river front here, Riverside Drive, is anticipated to be classy and expensive, and the fact that nine proposals representing primarily most of the major casino companies in North America and beyond does indicate that—and they're going to invest there. Even though the government will own this casino, the investment will come from the private sector. They're prepared to do that and they have done their own market analysis and they are satisfied that it is a good investment for them. That tells us that our projections are accurate, and if anything, we have been told that we have low-balled it, which we did intentionally, by the way.

In February, if people have to choose a destination between Las Vegas and Windsor, they'll probably go to Las Vegas if the costs of getting there are the same, but those are not the kinds of people we see coming to Windsor. The people we see coming to Windsor are going to be people who come for one or two nights, and that's all we're saying. We are projecting that 10% will stay one night, 10% will stay two nights, but that 20% for a city this size will create 8,000 jobs, will bring in \$300 million of tourism dollars. Those numbers are solid numbers and they have been confirmed to us by anyone we have spoken to in the industry. As a matter of fact, we are being told, and Coopers and Lybrand seems to confirm it, of the reserved approach we have taken to the situation.

I guess ultimately once the casino's up and running, obviously it's going to work extremely well during the time that it enjoys a monopoly, and this is why we wanted to make sure that we put in place the kind of complex that would withstand long-term competition. This is why, when the city originally had selected a site which would not have done that, we insisted on a better site being found in the city, which it did, because we want to put in place the kind of place that people will want to come to and come back to. That's also very important.

It's not intended to compete with the Mirage of Las Vegas or the Circus Circus. It's intended to bring in people who are happy to come and spend the weekend here, or a couple of nights, and that alone will again create 8,000 jobs and contribute immensely to the



revitalization of the city. It will not solve the problems of Windsor. No casino will ever solve the problems of any community. It should just be seen as a catalyst that can be used effectively if properly put in place. We have been trying to do that and we have done it in concert with the city fathers and in concert with the community.

I understand the mayor will be here tomorrow. All the projections we have brought forward were developed in consultation with the city, and it is also very satisfied that those numbers reflect what is likely going to turn out to be the case.

**The Chair:** Mr Callahan, you've got about three minutes.

**Mr Callahan:** First of all, I guess I'll get rid of my white leopards, since you're not going to turn it into the Mirage.

When they come across, you're saying 80% of the people will come from the US. Do you propose to change their money into Canadian funds or are you going to do what they do in I think it's the Sault, at one of the reserves, where they have different types of chips for US and Canadian money? Just a yes or no: Are you going to change it to Canadian money?

**Mr Alfieri:** I can't give you a yes or a no because the answer is that I don't know. We haven't got that far. That is something the operator and the casino corporation will have to address. Off the cuff, I would say the answer would be yes, because if you allow them to change their money they will be able to gamble 20% to 25% more at the casino.

**Mr Callahan:** I've got to move along very quickly here. I would suggest you not do that, because in some of the studies that have been done, that's exactly how money is laundered. You'd be able to launder big dollars in Canada that way.

The other thing is that I'd like to know whether or not Nevada tickets will be a thing of the past. The reason I say that is that Big Sisters, which I'm very closely related with, in its financial statements in my community, made \$147,000 on Nevada tickets. If they're to be done away with, I hope the Treasurer's going to be very gracious with these people or they're going to starve to death. You don't have to answer whether Nevada tickets are gone or not. They may be as a practical matter, anyway.

The other thing I would ask you is—and I don't try to raise this in any pejorative, political way; I hope members will believe that—is that we had a question in the House, and this is directed to the deputy minister, about one of the applicants being a South African conglomerate. For some reason it was being interviewed and it got a little messy because the government of the day, and also previous governments, had a policy on South Africa.

If that in fact is the case, I'd like to know what kind of investigation you're doing in terms of investigating two things: first of all, the applicants and their background, and the money that they're putting up, because quite frankly, there is no mob any more, and this book says it clearly. The mob is now legitimate business. They've laundered their money through legitimate businesses.

I want to know what kind of checks are being done, how secure we know that this is not in fact going to be drug money or laundered drug money or laundered money from illegal activities. What have you got in place to ensure that doesn't happen, recognizing my premise at the outset that we heard, and I may be mistaken, that one of the groups that was looked at was a South African group? It boggles my mind that if there is this much investigation going on, and this much close concern, you could let that slip through the mesh. For God's sake, don't create opportunities for us to simply become the money laundering capital of the world.

**Ms Wolfson:** You didn't ask for a response, Mr Callahan, to your—

**Mr Callahan:** I'm finished on my questions so he can cut you off if he wants.

**Ms Wolfson:** Oh, I'm sorry.

**Mr Callahan:** No, no, that's all right. I've got my questions in.

**Ms Wolfson:** All right. Let me try and very quickly address some of it and I will ask the assistant deputy minister to do the rest.

In terms of the Nevada tickets, you didn't ask for a response, but indeed they will be sold at registered locations across the province. It's the view of those who are in the charitable gaming marketplace that there will be no direct competition between Nevada tickets across the province and the casino per se.

With respect to general scrutiny, part of the process is a high detail of scrutiny for the integrity of all, not only the operators but all suppliers etc. I'm going to ask Mr Alfieri to address specifically the question you raise.

**Mr Alfieri:** With respect to the company we met with from South Africa during the consultation phase, which occurred from about October to the time we issued the request for proposals, many casino companies worldwide came to Ontario following the announcement to review the situation and they asked to meet with us. We met with most of them, not all of them. This particular company in question is headquartered in England. As a matter of fact, we had three companies from Britain and we had companies from France, Spain, Austria and other places coming to Ontario to look at the operation.

**Mr Callahan:** Nothing from Colombia, I hope.

**Mr Alfieri:** No, none from Colombia. When we met with these people, they did indicate to us that they also

had casino holdings and properties in South Africa and whether or not this would have an impact on their candidacy should they wish to pursue any option in Ontario. We told them that Ontario had one of the toughest sanctions programs in respect of South Africa and that they should check—it was Industry and Trade at that time—with respect to how this would impact upon them. Following two meetings with them, my understanding is that they elected not to pursue the situation in Ontario, primarily as a result of the fact that they had holdings in South Africa and because of Ontario's policies in regard to that.

We in no way encouraged them to come into our territory. When we were first approached, we were told that they were headquartered in England, and they are. They have holdings in England, France and elsewhere, and also in South Africa. I understand from the company that represented them that one of the primary reasons they elected not to pursue it was because of what we had told them vis-à-vis this government's position with respect to the South African sanctions.

All companies that will be short-listed will be subject to all kinds of very intensive security checks and I have eight OPP officers already in place who have started to do that. Actually, there's an intelligence unit operating here in Windsor. It's been operating here since January to address the kinds of concerns you're speaking about, not only, again, for casinos and any employee in the casinos, but also all major suppliers to the casino will have to undergo the same kind of checks. I will also add that people involved in charitable gaming, because a lot of professional involvement is taking place there, will also be subject to the same very intensive security checks.

Again, the enforcement branch of the commission is currently being staffed, and we anticipate will continue to be staffed, by the Ontario Provincial Police. They have people both from anti-rackets and intelligence assigned to it.

1730

**Mr Carr:** My question is on some of your statistics, but it's to the minister. In the economic considerations you say there will be 12,000 daily visitors and 80% will be coming from other jurisdictions. Let's be conservative here in our figures. We're going to have anywhere from 8,000 to 9,000 people coming.

By the next election this casino is going to be up and running, and my question to the minister is, can you commit to the people of Windsor today that by the next time some of our Windsor members put their seats up for grabs Windsor will be having 8,000 to 9,000 people coming in to gamble? Will you commit to them today?

**Hon Ms Churley:** I'll repeat—actually, I won't repeat what Mr Alfieri said. The projections are such that all these studies that we have commissioned and the projections that have been worked out for us say that

there will be around 12,000 people a day coming to Windsor. Those are our projections. What I can say is that the background information that contributed to that number seems to me reasonable and well thought out and I expect there will be that number of people coming here.

**Mr Carr:** And this goes back, because it's more of a technical nature, to the—you might not be able to answer this. What is the projection of how much those people are going to spend on a daily basis? We've got 12,000. How much are they going to spend each?

**Ms Wolfson:** We do have that information for you.

**Mr Alfieri:** The average will be about \$75 per person.

**Mr Carr:** I'm going to keep track of some of the figures—and I won't be able to do it right now—just so I know. We've got an average of \$75. The numbers should add up to get \$140 million, and that's what I'm looking at doing. Presumably you've done that. I just want to check. We've got about 12,000 people coming in, of which 80% are from the US. That includes Americans; 80% of them will be from other jurisdictions. They will be spending \$75?

**Mr Alfieri:** The answer is yes. The data that we will be giving you in camera will indicate all that to you, Mr Carr.

**Mr Carr:** Yes, because what you're going to be looking at now—and if anybody is fairly smart, as I'm sure all the people who are doing the bidding are, they can probably work it back and do it even better than I am. But what I want to get at is the \$140 million that's going to come into the provincial revenue, because quite frankly I think that's very optimistic and I think it's wrong, but we shall see.

Twenty-five hundred people will be employed in the casino complex?

**Mr Alfieri:** Yes.

**Mr Carr:** What do you anticipate is the average salary coming in for the employees?

**Ms Wolfson:** Mr Chairman, if you'll forgive us, we have—

**Mr Carr:** No, that's fine. I understand. You don't have it all in your head yet.

**The Chair:** If you would like to bring one your assistants forward so that you don't have to keep leaning back to ask questions, that's quite permissible.

**Mr Alfieri:** We have not specified what the salaries will be. Again, that is something where, once the operator is selected, the operator would be able to work with the corporation in making those determinations.

**Mr Carr:** So how are you doing it with the bidders then, if you don't know the amount?

**Mr Alfieri:** They are supposed to tell us.

**Mr Carr:** Yes, but you're already projecting—this



is what I'm getting at—what the revenue will be for the province, and that all factors in. If you're getting \$140 million, how did you get that then?

**Mr Alfieri:** In projecting \$140 million, we are assuming a 20% tax on the winnings, the gross revenue, and then we assume the difference being the net profits after all expenses have been paid. In addition to that there is the provincial tax and the other tax.

The numbers that we have given you are numbers that are generally known and accepted in the industry. As I said, they are fairly low-ball. Coopers and Lybrand, which just published a study, has got its own set of numbers. I know several of the companies that have bid have done their own economic impact studies, and we have asked them to include those in their bids. We also suggested that they tell us what they see as being the wages being paid, the payroll etc. The bids will contain all that.

**Mr Carr:** You see, that's why I have some difficulty in that you're doing these projections based on that and yet you don't know. You're coming and you're saying, "We're going to have 2,500 people." You don't know that because you don't know how much each is going to make. You're projecting how much the standard is, but you have no idea.

**Ms Wolfson:** Excuse me.

**Mr Carr:** Go ahead.

**Ms Wolfson:** I'd like to introduce Atam Uppal, who's a person with the casino project. He's been of major assistance to the project on these issues. Perhaps he can help the member with his questions.

**Mr Carr:** Sure.

**The Chair:** Could you please state your name.

**Mr Atam Uppal:** My name is Atam Uppal.

**Mr Carr:** Just so I get it straight, if I could sum up, and you can correct me if I'm wrong, they're spending about \$75 each, the 12,000 visitors coming through; we're going to have 2,500 people in the casino; we don't know what we're going to pay them. Basically, how do we get to the \$140 million?

**Mr Uppal:** Before I go into all the details, what we are saying is that the 12,000 people coming on an average daily basis generate a certain amount of win. Win is different for Canadians and for Americans because Americans come in with American currency, Canadians come with Canadian currency. They see their dollars differently. All the details of that are worked out in the report that Professor Kubursi and Professor Chacko worked together on.

The \$140 million that we've made publicly available is based on the win. The number I'd rather not say here; at an in camera session I'll be glad to go over the total detail of that. Part of that, as Mr Alfieri has already said, is the win, 20% tax on the win. Then we have

profits from the operations of the casino, plus we have built in there PIT and CIT, which is based on generally accepted input/output model and technique.

There's a Professor Kubursi from McMaster University who is North America's most recognized professor on input/output methodology. He was retained for this project to work with Dr Chacko from the University of Windsor. Professor Kubursi will be in Toronto next week for your presentation, so he'll be able to give very detailed answers.

**Mr Carr:** Thank you very much. Sorry to cut you off. We don't have very much time and that's why we wanted to do it. If one were to look at the total revenue coming in to the city then—it's pretty easy to do; the \$75 times the 8,000 you project daily is what will be coming into the community from outside. I could say that to the people of Windsor, "This is how much is going to be coming in on a daily basis," and I wouldn't be wrong?

**Mr Uppal:** Does that take into consideration the spending outside of the casino?

**Mr Carr:** No, because they're going to go—

**Mr Uppal:** So that is a separate—also when we release reports next week or whenever we make an in camera session available to you, at that stage we'll give you much more detail on that.

**Mr Carr:** But presumably the figures we're going to use for spending in restaurants are again going to be acceptable. What is the ballpark? This isn't confidential, what an average person spends. Let's say that the 20% who are here don't spend it; it's the other people coming in. What will they be spending on a daily basis coming into Windsor?

**Mr Uppal:** The way it works is that people who are coming just for gaming, the average person coming to a casino for gaming comes for about five hours. The assumption is that in five hours an average person also needs a drink and a meal. So for people who are coming, the 80% daily visitors, we call them day-trippers, they just spend their money only on drink and meal and then go away. They don't spend on gas, they don't spend on—

**Mr Carr:** So it'll be a fairly low number, even conservative, a good meal and so on.

**Mr Uppal:** That's right. It's well established. It's established in the Windsor community itself. That was done by a survey within the city of Windsor of tourists coming into the city of Windsor.

**Mr Carr:** Okay. I'm trying to get this so that we can clarify the numbers. Again, the people coming from outside, the 80% of the 12,000, will be spending even, let's say fairly conservatively, maybe around \$20. So we'll have about 8,000—and again conservative because it's 80% of 12,000; it will be more. But we'll have about, minimum, 8,000 people coming in on a daily

basis, spending about \$20 at restaurants and the one drink. Is that correct?

1740

**Mr Uppal:** If you will allow us to wait till we give you in camera the complete details of this, I think that probably would be better. It's not a simple exercise of just taking that, because we have people in there now who are coming for one night and their spending pattern is different. People who are coming for two nights, their spending patterns are different. That's always built into our modelling, and we'll go over those models at great length with you, if you like.

**Mr Carr:** Okay, and with regard to how you're going to set it up with the people coming in, how are they going to pay for everything? How are they setting it up?

**Mr Uppal:** Pay for everything?

**Mr Carr:** Basically, when they come in and set it up and are running, you give them the licensing to run it the way they want. Is there any—you're nodding your head no. Go ahead.

**Mr Alfieri:** There will be no licensing. The successful operator, once selected, will be an agent of the corporation and will also be an investor, if you will, inasmuch as he will construct the physical complex. But all the policies, the operating policies, human resources policies etc, will have to be worked out and agreed to in concert with the corporation.

In terms of what will be paid out, if I interpreted the question correctly, they will receive the revenue from two sources: the return on their capital investment and also a management fee for operating the casino on behalf of the crown corporation.

**Mr Carr:** That's what I was getting at, the management fee to do it. The deputy wanted to—

**Ms Wolfson:** Yes, Mr Carr. Just one question you raised before, if we can clarify the information now. You asked me about the average daily wages. Indeed, this is up to the operator to determine, but it's our information that registered croupiers who now are licensed at Monte Carlo events often earn at least \$10 an hour, not including tips. So one can extrapolate what we would imagine the proponents will be suggesting.

**Mr Carr:** How I'm looking at it, just so you know, is somebody in Windsor saying: "It's coming into our community. What will it mean?" I think it's helpful for people to realize that what the government is saying—and we can argue whether you're going to be right or wrong about it, and governments of all political stripes are often wrong when they make the projections, but that's another issue. Just so the people in Windsor know what the government of Ontario is saying to them, you're going to have about 2,500 permanent jobs at an average of about \$10 per hour plus tips—

**Ms Wolfson:** No, I'm sorry. That's what croupiers

make. You were asking—I was saying—

**Interjection:** Charitable.

**Ms Wolfson:** In charitable gaming. I don't know what the average wage will be for all wage earners in a casino. The jobs range, of course, enormously.

**Mr Carr:** But, you know, that's the question the people in Windsor are asking, "What will it be?" and that's what they're going to say. Do you have any idea of a range? Obviously, you've got everybody in there. Let's take somebody who works spinning a wheel. I don't know. Any idea?

**Ms Wolfson:** We'll have to wait, indeed, for the operators to give—

**Mr Carr:** You have no idea what they make, say, in Vegas?

**Mr Uppal:** In Vegas, we have the rates. I can provide them. I have all the rates in my room upstairs.

**Mr Carr:** But that surely isn't confidential.

**Interjection:** No, it's not confidential.

**Mr Carr:** Okay, because one can—

**Mr Uppal:** It's minimum. The people who are on blackjack—they are very basic dealers—are the lowest-paid. Then, as they move into higher-skilled games their salaries increase dramatically. Also, their tips are based on the services.

**Ms Wolfson:** We can provide that information to the committee.

**Mr Carr:** Yes, but for the people in the Windsor community, if I said they made anywhere from \$25,000 to \$30,000 average, that would probably be in the ballpark?

**Mr Uppal:** It would be market-determined in some respects, you know, because many of the jobs, as \$10 is set for a Monte Carlo event, in a proper casino it's a little higher-grade job. I would think that person gets a competitive wage.

**Mr Carr:** Okay, good. How much time do I have, Mr Chairman?

**The Chair:** You have about six minutes, just a little less.

**Mr Carr:** Okay, good. I had a couple more questions, but I promised to give Dennis some time because he has travelled so far and I know how important the issue is. I wish I had more time, but I know if I ask a question he'll go over a bit.

**Ms Wolfson:** If I can, Mr Chairman, I just want to comment. I would not want to leave an impression that an average wage is going to be \$10 an hour plus tips. I think that would be unfair.

**Mr Carr:** Okay, yes. I misinterpreted what you said. You've said—

**Ms Wolfson:** The casino has restaurants, the casino has all services and we will have to look and see what



the services are and the wages appropriate to them.

**Mr Callahan:** They've got to make at least \$6. That's the minimum wage, isn't it?

**The Chair:** The minister would just like to make a comment to clarify something.

**Hon Ms Churley:** Just very quickly two things on the wages: Given the proud history of the labour movement here in Windsor, we expect that won't be long before the workers are unionized, which of course will have an impact on wages.

I wanted to clarify just for the record, because I know people understand it here, but the win tax applies to the gross casino revenues, not the winnings of individuals. The way it sounds, when they hear "win tax," people will think it's going to come off their winnings. That's so in the United States, but not here. So I really wanted to get that on the record.

**Mr Carr:** I'd assume, though, that the bidding isn't that you have to be unionized in order to win the bid, right?

**Hon Ms Churley:** Pardon me?

**Mr Carr:** The winning bidder does not have to say that they would become unionized to win the bid, though.

**Hon Ms Churley:** No, but that certainly will be taken into consideration, past labour history and that sort of thing. It's something that—

**Mr Carr:** And that will be a question asked—"Are you unionized? Do you plan on being unionized?"—in the discussions?

**Hon Ms Churley:** I won't personally be asking the questions, but certainly the proponents—

**Mr Carr:** Unionization will be a question asked of the bidders?

**Ms Wolfson:** One of the issues that we will be looking at will be labour-management practices and relations.

**Mr Carr:** How much weight will you put on that, since you're the chair?

**Ms Wolfson:** We have not weighted the criteria. All the criteria are very important.

**Mr Carr:** Have you had any direction from the government in that regard?

**Ms Wolfson:** No.

**Mr Carr:** So the bidding is up to you, no political—it's all hands-off?

**Ms Wolfson:** The selection process is with four deputy ministers as part of the selection committee—

**Mr Carr:** With no guidelines given? You make the decision, you four, or—

**Ms Wolfson:** There have been no guidelines given to us by the government.

**Mr Carr:** No political?

**Ms Wolfson:** No political guidelines.

**Mr Carr:** I'll turn over my remaining time to Mr Drainville.

**Mr Uppal:** May I make a comment about unionization? The casino industry in Nevada also is very highly unionized. In some casinos they have as many as 60 unions, and I know of at least one casino where a strike has been going on for more than one year. So they are used to operating in an environment like we have.

**Mr Carr:** Okay, thank you. I'll pass the remaining time to Mr Drainville.

**Mr Drainville:** Mr Chair, you had said that you were going to give me five minutes. Is that with the three minutes?

**The Chair:** I also indicated I would probably do that at the end of all comments.

**Mr Drainville:** I can wait till the end.

**The Chair:** It's of no importance.

**Mr Drainville:** I'll do it very, very quickly. I just will direct the questions, if I can, to the assistant deputy minister. I'll just go through the questions and ask you to answer them at the end.

The issue that has been raised about government control is very important. The bifurcated system that's been set out by the province leads us to making a couple of questions and concerns. We know that, for instance, as far as the regulatory framework is concerned, the system that you've put forward is similar to other jurisdictions in the United States.

What we do question, though: It is the creation of the Ontario Casino Corp and it's not clear how much additional control that retaining ownership will give the government. This is basically because the issue of how much control the government has will depend largely upon how the government contracts out the services. Do you follow me so far on that?

**Mr Uppal:** Yes.

**Mr Drainville:** If there are certain contractual obligations that are established with the people who are going to be managing the casino, that will have a direct impact on how much control the actual Ontario Casino Corp has. So we have questions about that, questions about how much control will actually be there for the government.

The next question I have is on the issue of financing and revenues. A note that has to be made is that the Ontario legislation specifies only an upper limit for the government: 20%, it says. It does not specify a lower limit for the government. So the government could set as low a figure as perhaps 1%. The failure to fix a lower limit means that Bill 8 does not guarantee a minimum to be received by the government before payment of the casino operator. The question is, that's

very different from other jurisdictions. I'd be questioning about why that is.

A third point on that same issue surrounding finances and revenues is that in most US jurisdictions, the respective shares of the government and the private sector are clearly spelled out in the legislation. In Ontario, Bill 8 leaves these matters to be determined through a combination of regulations to be established and agreements to be reached between the casino corporation and casino operators: again, a very different approach. I'd appreciate some comments on that.

My fourth question is in regard to the number and locations of casinos, controls and expansion. In Ontario, one respect in which the regulatory scheme is not self-funding in the way some US jurisdictions are is that the startup costs are to be covered by appropriations from the consolidated revenue fund, with no express requirement that they be repaid. The question here I'd like to ask is, why is that express requirement not made?

The next issue is the targeting of funds. In Ontario, the funds paid over to the consolidated revenue fund are not targeted. They are in many jurisdictions. How was the decision made not to allow for that?

1750

That was the time allotted. I have just two more small questions, Mr Chair, if I may go on.

The next question is oversight and enforcement of gaming. In terms of the oversight and enforcement of gaming—reporting procedures—like regulatory bodies in most other jurisdictions in Ontario, the casino corporation and the Gaming Control Commission must provide an annual report of their activities. Bill 8, however, provides no direction as to the content of such reports. This is in contrast to many jurisdictions in the United States that are very clear about what has to be reported and when it has to be reported. I would like a response on that, if I could.

There's a lot there, so if I could just leave that to you.

**Mr Alfieri:** I'll try my best. I wrote very quickly, as you can appreciate, so if I didn't catch the gist, please correct me.

The first one dealt with the bifurcation. Similar to other jurisdictions in the US, and I always thought it was different, I think what we need to remember is that in this made-in-Ontario model, the government owns the casino, so when you have a bifurcated system in the US, for instance, you have the enforcement, you have the commission and you have the operator who goes and gets a licence and then he proceeds of his own volition, he does his business subject to this enforcement, just like police and the courts if you will.

The model we have developed here, not only do we have this bifurcated model whereby both within government—because again this is government-owned. The

licence is not owned by a private entrepreneur; the licence is owned by the Ontario government through the corporation. Notwithstanding the fact that we own the licence and therefore the government has direct control over the operational and business policies of this casino, we have also elected to bifurcate that, notwithstanding the fact it's all government-controlled. We're not going to do like the lottery or like Manitoba or like Quebec. We want the commission and the corporation to do that.

The agent, the operator, unlike operators in the US or elsewhere, is an agent of the corporation. He's there to provide a service and an investment, but a service for fee, which has to be determined, has to be packaged. Again that agent is not subject to doing like they do in the States, a licensee, whatever they want. The human resources policies, the business practices, the advertising practices, etc can be approved by the corporation and ergo by the government. The government has got the authority under the bill to pass all kinds of regulations governing both the gaming and the control features.

The only thing that is similar I would suggest to some of the more renowned US experience is the bifurcation, but we take it well beyond bifurcation because we exercise direct control, as necessary, over both aspects.

How much of that will happen, I don't know at this point.

**Mr Drainville:** The issue is the contract, though. I'd just like, because we've strayed a little bit—how the government controls the situation will depend upon the contracts that are established with those who will manage the casino. The question was, what will prevent that contractual obligation from becoming a means by which the government lacks certain controls over the situation?

**Mr Alfieri:** I cannot envision any contract that we would be involved with that would abdicate or relinquish the primary responsibilities. Again I think if one looks at this contractual arrangement within the context of the framework that we have outlined this afternoon, that's not very likely to happen because we do see these people as being nothing but agents. We intend, as part of any negotiations we are involved with, to ensure that framework remains in place.

Besides, the Criminal Code requires that we "conduct and manage," which also puts an onus on us to do that. It depends on how well we can write our contracts, but we are ready for that when October comes.

The limit of 20%: There is no minimum. I think that was the other thing. Percentages range depending on the degree of competition. In a monopoly situation, usually between 15% and 20% is the norm. In some European situations you can have as high as 80%. In Nevada, I believe it's about 7% or 8%.

**Mr Uppal:** It's 8.25% effectively in New Jersey.



Nevada has a little bit lesser rate. New Orleans's effective rate would be over 20%. Illinois has an effective rate of 20%. So in a monopolistic situation like we have, more or less, I don't think 20% is unreasonable.

**Mr Alfieri:** With respect to why not a minimum, the situation is that, again, when you have a single monopolistic situation, a rate of 20% is appropriate. This is our first venture into this, and I think the Minister of Finance will need some flexibility in looking at the market conditions and determining the rate in order to ensure the viability of this operation and potential future operations. If, for instance, all of a sudden you have six casinos in Detroit, then a 20% rate even for this one may not be appropriate. So you want the flexibility to adjust.

Conversely, potentially, one looks at a first nations community. If they want to develop a small casino and there's agreement with that and it's primarily for the purpose of creating jobs and stimulating tourism, a high tax rate may not make it a viable thing. So I think it is necessary, especially at the beginning stages, to set the maximum so that people who have to invest know exactly what the maximum potential is, but to be flexible on the minimum so that one can react to market conditions and future developments.

**The Chair:** We are now going to deal with questions from members of the government caucus. Mr Martin, you're up first.

**Mr Tony Martin (Sault Ste Marie):** I wanted to say that I certainly appreciate the work that's been done here. I want to ask you: I'm from Sault Ste Marie. There's a casino across the river that is doing quite well, that has grown according to its ability to manage and is quite responsible. We haven't seen up there the kind of criminal activity that people are projecting may come with the establishment of a casino in Windsor, and certainly the projected figures in terms of people who would come are quite positive and, in some sense, rather phenomenal.

I made my one and only visit to that casino back last November and since then it's expanded, I think, about three times.

**Interjection:** Because of your visit.

**Mr Martin:** Because of my visit, yes. So I think that enterprise in itself, for me, actually was part of the development of my thinking and in fact eventual support of the idea of a casino for my community.

I guess what I wanted to ask you was within the context of this work that's been done. Somewhat hypothetically, take this out of Windsor. How would a community like Sault Ste Marie fit in your thinking? What would be the pieces that would need to come together and how would that be done?

**Mr Alfieri:** First and foremost, there would have to

be community support for the venture. Assuming that the government decides to consider additional venues, we have been told repeatedly that they would not want to go anywhere where there wasn't expressed community support, which means not only very solid resolutions by city council but also general support in the community, I would presume.

Some communities are going well beyond that. They are starting to make plans. They select a site. They start even looking for operators. That's very premature. Again, the made-in-Ontario model calls for a commission to regulate, a corporation to operate, and unless there are changes in the future and changes to the Criminal Code, any casino in Ontario will have to have a very strong direct involvement by the province.

I think any community that wishes to consider this as an opportunity should limit itself to looking at the potential benefits, looking at the potential consequences, weighing the factors, and if they are satisfied that it's something that they wish to pursue, then should ensure that there is adequate community support behind it and then approach the ministry or the government with the idea—not take it much further because if you take it much further—like in the Sault; I understand at one point somebody had selected an old store to convert. Here they also selected a site, that they would attach the casino to a sportsplex. Those are quantum leaps that don't lend themselves to proper development. So I think the most important thing is community support.

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**Mr Martin:** What you're saying to me, though, and I know about the community support piece, is that whatever is developed in a community like Sault Ste Marie would have to fit within the context of this legislation. This legislation is not designed primarily for Windsor, but it's what will be—

**Mr Alfieri:** Yes.

**Mr Martin:** Okay. The second question I have is related to the reference to native development. We have two communities of native people on our boundaries. One of them is particularly interested in development of a casino, the other is watching. There's certainly some interest in the community re the question of joint venture. Have you thought about that at all, and how would you do that in a way that would make it so that the native community saw a reason to do that?

**Mr Alfieri:** With respect to casinos, our negotiations and our dealings with native communities so far, as I've indicated before—since the casino market is very finite, some principles have been developed and regardless of—assuming that native casinos will be located in first nations communities or with the involvement of first nations communities, one can't just say, "That community gets it."

I think we have to address with the first nations how

to deal with the overall issue of dividing the benefits among all first nations, because going by Coopers and Lybrand, the number of casinos the province can sustain is extremely limited. Even though joint ventures are a possibility, they would have to be done in the context of the overall revenue-sharing policies that will have to come about, because if a first nations community in the city of Sault Ste Marie goes into a joint venture and that first nations community becomes exclusively involved and no other first nations community has any opportunity, then very few communities, very few municipalities will be able to benefit from this, and we have to find a handle as to how to address it from a broader perspective.

**Ms Wolfson:** If I might just add something, the present negotiations for charitable gaming are ongoing and indeed, because the market has expanded so rapidly, those revenues and the ability to have joint ventures on the charitable gaming side are things that we are negotiating and looking at right now with aboriginal communities. I think what Mr Alfieri talked about is a marketplace. The marketplace is a gaming marketplace, so we're really looking and negotiating, I hope as we speak, to see what the best process is to follow to look at those kinds of decisions.

**Mr Martin:** Perhaps I might just explore that a little further because I'm looking at what the benefit would be for my community and for the native community. In Windsor, it seems, there are some outside groups bidding to be the operator and they obviously will take a piece of the action out of that. The province would get some of the action, Windsor will get the spinoff, I suppose, and the tax that would go with it. If a native community, if any community, decided to get into this as an investment, how would they do that?

**Ms Wolfson:** At this point the government has made a decision on one pilot project, one casino, in Windsor, and at this time there has been no decision from the government that it will expand to other casinos. What we are using is the charitable gaming ability to create those revenues. At this point in time, those joint ventures or those initiatives are not contemplated for casinos proper. I think it's premature for us, based on the decision of the government to date to have a casino in Windsor, to be looking at other casinos.

**Mr Martin:** Yes, it may be premature, but, you know—

**Ms Wolfson:** How would one go about doing that?

**Mr Martin:** Yes.

**Ms Wolfson:** The same process, I would suggest, Mr Martin, as we've done to date. Should a decision be taken for other casinos, we will have a casino corporation that will then look at the financial and business-industrial aspects of creating another casino.

**Mr Martin:** You've talked about made in Ontario.

Is the possibility of, say, made in Sault Ste Marie something more unique to that particular—

**Ms Wolfson:** Sure.

**Mr Martin:** Within the realm of that corporation?

**Ms Wolfson:** I think what Mr Alfieri was saying before is exactly right: Each and every casino, should there be more than one, would have to be a made in whatever community there is. If it were in Sault Ste Marie and that involved some kind of partnership, it would be perhaps appropriate to that venue. I think each and every venue is unique and has to be looked at. But the structure and the legislative component in Bill 8 would apply equally as a legislative framework for casinos.

**Mr Lessard:** To my friend from Sault Ste Marie, I can say I understand his interest in a casino in the Sault and I know that one way he might be able to pursue that is to make sure the pilot project here in Windsor is successful. To do that is to encourage his constituents to come down here and take advantage of the facilities once they open.

**Mr Martin:** You can get to pass through Michigan.

**Mr Lessard:** Mr Alfieri, in your presentation you made reference to a number of impacts that casino gambling would have here in Windsor. One of those was the impact on charitable gaming. Charities have suffered an impact as a result of the recession. Their ability to generate revenues and receive charitable donations has decreased. Windsor's been known to give very generously to its charities, but notwithstanding that, revenues have gone down.

In my submission, I would think the best thing that could happen to charities here in the city of Windsor would be to get people back to work and therefore increase people's disposal income. However, I know there are individuals and groups that are concerned about the possible impact that casino gambling may have on charitable gaming, and especially on things like bingos, because bingo is a big business here in Windsor.

I wonder whether you've done some research or know of research that's been done to indicate whether people might tend to switch from bingos to gambling in casinos, or whether it would take away from things like Monte Carlo nights and other types of charitable gaming activities.

**Ms Wolfson:** Perhaps, Mr Chair, I'll—  
*Interjection.*

**Ms Wolfson:** No, it's fine. I'll answer the member's question and then I'll pass it in terms of the research to the assistant deputy minister.

Out of every \$100 earned by charities, \$99 is derived from bingos, Nevada tickets and raffles, not Monte Carlo. This is a much newer type of event. The competition, therefore, posed by the government's casino is, in



our view, going to impact on that very small component only.

Bingo players, by our research, are remarkably loyal to their game, and it is our research that they will not cross over to casinos unless bingos are in those casinos, and frankly that's the information we've received from our American counterparts, and indeed the fact is verified, corroborated, by the bingo hall owners themselves, who are not concerned about a crossover from this population. If the government had proposed a fleet of Ontario-owned bingo halls, that might have presented a direct challenge, but the government chose not to do that and indeed made a deliberate decision.

It's our view that charitable events will not, for the most part, in those major endeavours—bingos, Nevada tickets and raffles—be markedly adversely affected. Perhaps Mr Alfieri has something to add.

**Mr Alfieri:** In the Windsor situation, in 1991 the charities' net proceeds from bingo were \$9 million and the net proceeds from Monte Carlo events was \$122,000. We are satisfied, and so is the bingo industry in Windsor, that the casino will not have any negative impact on bingo. We are not satisfied that there will not be a negative impact on other charitable gaming like Monte Carlos and blackjack tournaments, because those games are much the same as the games offered in the casino.

What we have agreed to do with the Windsor charities that derive this \$122,000 is to track their revenues, both before and after the casino opens. We've undertaken to track those with them and to recommend remedial measures should, in fact, that source of revenue be affected by the casino. I want to stress that it's very, very small: \$9 million for bingo, \$122,000 for Monte Carlo.

**Mr Duignan:** I think it was raised earlier: The question is that if there's a casino established in Detroit sooner or later, would Windsor be a viable market? I think the answer is quite clearly yes, because surely the proponents that have made the proposals have researched that and done their homework on that and if they felt it wasn't a viable market, they wouldn't be in the race to set up a complex here in Windsor.

Also, there are a couple of key factors. In the gambling business, people who want to gamble love an edge and there are a couple of edges here for Ontario: One is the fact that there's a discount on the dollar of about 25% or 30% plus the fact that there's no tax on the winnings here in Ontario, which is a good selling point.

**Interjection:** Well, we haven't at the moment.

**Mr Duignan:** Maybe down the road, but at this point in time there is no tax even though they may be subject to IRS rules going back to the United States, but I understand a lot of that actually goes by the board as well. When you're dealing with cash, people sometimes

tend to not—part of winnings.

The other thing is, again as mentioned earlier in the presentations, the relationship between the casino complex and the racing track here in Windsor. I wonder if you could expand a little bit on what you see as the relationship between the casino complex and the racetrack. How do you envision that relationship working and how we're going to keep the racetrack in Windsor alive and well and operating?

**Mr Alfieri:** Unfortunately, that was the part of the presentation I had to abort because I ran out of time.

In the request for proposals, the RFP is quite specific in requesting proponents to tell us how they're going to work collaboratively with the Windsor racetrack. Unlike most other jurisdictions, we have indicated from day one that we have to find a win-win situation between the casino and the Windsor Raceway.

I have personally met with Mr Joy and his staff on a number of occasions, and when the RFP came out and the 24 potential proponents came to an information session, we again stressed to them the need to make sure that was the case. Many of them, in preparing their bids, made pilgrimages to Mr Joy's office to speak, to discuss with him the various strategies that could be put in place to deal with that.

From the feedback I get from Mr Joy, he's unhappy about some other things, but in respect of the collaboration that he has received from us and from the potential bidders, he's quite satisfied that there are many opportunities that could be capitalized on to ensure that the racetrack continues, or improves in its operation once the casino comes into play. Some of these options range all the way from setting up teletheatres in the casino to certain joint ventures between potential proponents and the racetrack to deal with marketing and some other form of partnership that has been discussed with the potential proponents and will be definitely picked up on once we get to the short list.

I can't be specific as to the actual strategies that are going to develop, but we are quite confident that the casino will not hurt the track, that there are opportunities for the casino and the track to both work towards a win-win situation.

**Mr Callahan:** You can wrap up the hearings now.

**The Chair:** Mr Dadamo, you have between four and five minutes.

**Mr George Dadamo (Windsor-Sandwich):** Plenty of time, thank you very much, if Mr Callahan will allow.

I wanted to put on record, if I may, that the Windsor members have had many an in-depth conversation with Mr Tom Joy and the former Windsor mayor, John Millson, who is of course at the Windsor racetrack these days, on what was going to happen with their facility should a casino ever come to Windsor. Now let's go

back. This was the early days when it was born; it was a germ of an idea.

Mr Joy always expressed to the Windsor members that they were going to work with us and that they were going to find a way, with us, not to succumb and to stay in business, and always expressed to us that there were 1,300 or 1,400 people who worked at the Windsor racetrack. He could have closed it a long time ago, but out of the kindness of his heart, he didn't do so.

What I want to say is that there has been talk for ever that Detroit would have casino gambling some day. I understand Governor Engler is not crazy about the idea, but I understand there is a movement afoot in the Greektown area, which is minutes away from Windsor, that they are at some point going to open a facility. If they do open up a facility in Greektown, being that we're so close, I've heard that we could work hand in hand, that somehow their casino facilities and the Windsor casino facility would complement each other. Where are the studies that show we can work together?

**Mr Alfieri:** I don't think we have made any specific study as to how we can work together. We know for a fact that this market can take, as I have indicated, at least four casinos the size of what we've projected in Windsor and they could all function successfully. We made our projections based on Detroit having casinos. We have been told throughout the piece that if you have more than one casino, the synergy it creates will not only attract the current market but will improve the market because people like to go and gamble in more than one place. They could go one night in Detroit, then go across to Windsor etc. You'll be able to attract more conventions because of the fact that you have more than one casino etc.

All our projections were based primarily with those assumptions in mind, that we were not going to enjoy a monopoly for ever and that it wasn't necessarily the best thing to have a monopoly for ever. As long as we are able to put in place the kind of product that will enable us to retain our share—and our share is one casino in Windsor because we don't want to do anything which overpowers the community—and achieve those objectives, then I think we will have achieved the objectives we set out to achieve.

**Mr Kwinter:** Mr Chairman, on a point of information: A couple of people have alluded to the fact that the exchange rate on the dollar is an advantage. All it allows you to do is lose longer. It doesn't allow you to win any more money. It just allows you to lose longer—just as long as that's understood, because a couple of comments have been made that this is going to be an incentive to somebody, but really that's all it does.

**Mr Alfieri:** The only incentive I alluded to was that it takes longer to lose. Therefore, you play more with the same money.

**The Chair:** That concludes the technical briefing part of the committee hearings. On behalf of the committee, I want to thank Minister Churley, Ms Wolfson, Mr Alfieri and Mr Uppal for presenting today.

**Hon Ms Churley:** It was certainly our pleasure.

**The Chair:** To the rest of the committee, if we have about a minute for everybody to clear out who is leaving, we have some further business to do which I hope won't take more than five or 10 minutes.

The committee adjourned at 1818.









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Prince Edward-Lennox-Hastings-Sud ND)

**Vice-Chair / Vice-Président:** Wiseman, Jim (Durham West/-Ouest ND)  
Caplan, Elinor (Oriole L)

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*\*In attendance / présents*

#### **Substitutions present / Membres remplaçants présents:**

Abel, Donald (Wentworth North/-Nord ND) for Mr North  
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Dadamo, George (Windsor-Sandwich ND) for Mr Jamison  
Duignan, Noel (Halton North/-Nord ND) for Mr Sutherland  
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Ministry of Consumer and Commercial Relations:

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Uppal, Atam, senior economist, Ontario casino project

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Troisième intersession, 35<sup>e</sup> législature

# Official Report of Debates (Hansard)

Tuesday 17 August 1993



# Journal des débats (Hansard)

Mardi 17 août 1993

**Standing committee on  
finance and economic affairs**

**Comité permanent des finances  
et des affaires économiques**

Ontario Casino Corporation Act, 1993

Loi de 1993 sur la Société  
des casinos de l'Ontario

Chair: Paul R. Johnson  
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## STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Tuesday 17 August 1993

The committee met at 0902 in the Cleary International Centre, Windsor.

## ONTARIO CASINO CORPORATION ACT, 1993

LOI DE 1993 SUR LA SOCIÉTÉ  
DES CASINOS DE L'ONTARIO

Consideration of Bill 8, An Act to provide for the control of casinos through the establishment of the Ontario Casino Corporation and to provide for certain other matters related to casinos / Loi prévoyant la réglementation des casinos par la création de la Société des casinos de l'Ontario et traitant de certaines autres questions relatives aux casinos.

**The Chair (Mr Paul Johnson):** I'm calling the standing committee on finance and economic affairs to order. Welcome, everyone, to the second day of hearings on Bill 8.

MICHAEL HURST

**The Chair:** Our first presenter today is Mayor Michael Hurst from the city of Windsor. Welcome, sir. You have 30 minutes for your presentation. You can use as much of that time as you would like for your presentation, and whatever time remaining we will have for questions from members of the committee.

**Mr Michael Hurst:** Am I on?

**The Chair:** You may start as soon you're on.

**Mr Hurst:** I'm always on. Thank you. I'm going to make a—

**The Chair:** If you would try your mike please, Mr Hurst.

**Mr Hurst:** Testing, testing, testing.

**The Chair:** Okay. If you would please proceed. Sorry for the delay.

**Mr Hurst:** First of all, I want to take this opportunity to thank you for letting me speak. I have been anticipating this opportunity for some long number of months, to be honest with you. But I think, more importantly, I want to thank you sincerely for coming to the city of Windsor. I believe it's a very important statement that you have made, and we're very appreciative of it.

We're here, as I understand it, to speak to Bill 8, and I fully intend to do that but in a very compressed and short way. We will be leaving some written submissions in terms of amendments that we think should at least be considered and hopefully some of the proposed amendments incorporated into the legislation before final reading.

I would also like the opportunity to make a brief presentation about the city of Windsor, about the people

of the city of Windsor and about the provincial government and how the provincial government has acted and reacted to the people of the city of Windsor. I think it's important that we have a full, comprehensive understanding of the precise relationship that has existed between the people of the city of Windsor and the government of the province of Ontario on this particular issue.

I will conclude, if I haven't run out of time and you haven't cut me off, by bringing you back into the document called the Request for Proposals. It is a fundamental document that must be understood if the committee is going to be in a position to do right by the people of the city of Windsor, and I sincerely believe that this is precisely what this committee wants to do.

In respect to amendments to Bill 8, members of city council feel it important and desirable for a local community to have some form of direct voice in the operational issues regarding the casino. We believe that this could be dealt with through municipal representation on the Ontario Casino Corp or alternatively through the establishment of a community advisory group advising the crown corporation. We go into more detail in respect to that proposition, and again we'll be leaving the document with you.

Part II, subsection 19(3), of the bill deals with powers provided to the city of Windsor in regard to the casino site, and we believe that there should be more definitive statements in respect to the powers of the local municipality vis-à-vis the casino site.

We believe as well that players in the casinos must be 21 years of age or older. We think it's fundamental. We think it's very important if you understand the relationship between the city of Windsor and the city of Detroit, Michigan. Windsor city council strongly recommends that this provision be reconsidered and that the age limit for playing the casino be raised from age 19 to age 21.

Under-age gaming in the casino is made an offence under this bill and individuals convicted for under-age gaming are subject to a penalty. However, this restriction is limited only to the individual gaming. There's no penalty placed on the operator for permitting the offence to occur, and it is most important that the operator be aware that severe penalties result from allowing under-age play to occur, and these penalties and this requirement should be clearly specified in the legislation.

We have as well a number of proposals in respect to, again, the casino area, and I will leave these with the committee in due course.



The other issue that I'd like to raise in respect to the legislation is the issue of licensing revenue. We have a very well-prepared and well-thought-out proposal which would suggest that licensing fees for slot machines are something that should be given serious consideration. Again, we are fleshing that out in great detail in the document that I will be leaving with you.

Again, thank you for coming to the great city of Windsor, the southernmost city in this great nation. Across the street from Detroit, Michigan, our largest three taxpayers are Chrysler Canada, Ford Canada and General Motors Canada. We are the automotive capital of Canada and we are damned proud of it.

Our proximity to the United States and our reliance upon the cyclical automotive industry have made us tough, have made us resilient and have made us doggedly determined to make things happen ourselves. We believe and practise that success is the intersection of opportunity and hard work, and that's why there will be a casino in Windsor, Ontario.

Windsor, Ontario: A population of about 200,000 people, some of the most caring, giving and generous people on the face of the earth. You have to know this: We lead the nation in per capita United Way giving each and every year and we've done so for about the last 20 years.

We have people who make up the most productive workforce in Canada. Ask yourself the question, why did General Motors, why did Ford, why did Chrysler make the large investment announcements recently in this community, part and parcel of a series of investment announcements that totalled \$4 billion—that's billion with a "b"? Because we do in fact have one of the most productive workforces in North America.

Windsor, Ontario: You know, we have a university. We have a community college. We have a police service—which, by the way, in my opinion at least, is one of the best police services in all of Canada—to say we are safe and we are secure, and our police personnel make certain that that is always the case.

We have beautiful parks. We have a tremendous opportunity in terms of our riverfront. We have a travel time from the periphery of the city of Windsor to downtown of 15 minutes. We have a mayor who is a Detroit Tigers fan.

**Mr Robert V. Callahan (Brampton South):** You can't win 'em all.

**Mr Wayne Lessard (Windsor-Walkerville):** Lucky the minister isn't here.

**Mr Hurst:** All of this to say we are not Haliburton, we are not Welland, we are not Toronto; we are Windsor, and you've got to understand that if you want to do right by us. And I sincerely believe, again, that that's exactly what you want to do.

In my inaugural speech in December 1991, I argued

that many challenges lay ahead. At that time the recession was getting worse. Unemployment was rising very quickly. Our retailers downtown were in trouble. Our options for job creation, downtown revitalization and economic diversification were limited. I promised that the mayor and city council would work very hard indeed to address these problems, but I also said that we could not do the job alone, that the community must have input.

One of our first endeavours to meet the challenge was to address something called cross-border shopping. After consulting with local retailers and the cross-border task force, I met with Premier Rae within three months of coming into office. The reason: to help discuss solutions to reduce cross-border shopping, which was crippling our downtown. Within five months the province responded to border communities like ours and agreed to allow stores to open on Sunday.

The point I'm trying to make is that there was a severe problem in this border community. We went to the Premier of the province of Ontario, and the Premier of the province of Ontario not only listened to us but heard what we had to say. As a result of that, we were able to get a more level playing field. Certainly it did not eliminate the problems of cross-border shopping, because we know that is a very intricate issue, to say the least, but it did allow us an opportunity for our community to compete on a more level playing field, and that's all that we were asking for. For the first time in many years, I would submit, there was hope felt by our community.

In that same spirit of working with the community, we now have the casino opportunity, and this opportunity was the result of leadership and hard work by the community and its elected representatives. Over 10,000 letters went to the Premier supporting casino gaming in Windsor, Ontario. It is essential, in my opinion, that the committee members know and understand that the mayor and city council provided the province with a unanimous council resolution requesting the implementation of casino gaming here in Windsor and, very importantly, that this was done long before any announcement by the province of Ontario regarding casino gaming.

**0910**

I have with me today support letters in the form of resolutions in favour of the casino from organizations representing business and labour plus each and every town in the county of Essex and inclusive of the corporation of the county of Essex. Many of these community organizations and groups will be speaking in the next few days supporting casino gaming.

Honourable members of this committee, the people in this community have spoken. Their message is clear. They want the casino.

Again, in my inaugural speech I referred to job

creation as one of our primary challenges. Our city has a published or official unemployment rate of somewhere between 12% and 13%. We know it is much higher and we know that the citizens of the city of Windsor know it's much higher. Look at the welfare rolls, look at the unemployment lines, look at the devastation that has happened to many families in our community. We think it's probably as high as 17%. Ladies and gentlemen, the casino will provide employment opportunities for 8,000 people—8,000 jobs, probably affecting 20,000 or 25,000 people.

Anecdotally, I coach a Little League baseball team. A father whose son plays with my little boy came up to me a couple of weeks ago and said: "Mr Mayor, what am I going to do? I haven't been able to work for over a year. My unemployment insurance is running out. What am I going to do? When will there be a casino in the city of Windsor? When will I be given back the dignity of gainful employment?" I tried to assure him that we're all working hard to bring this opportunity to this community, and specifically to individuals such as that. He doesn't want to stay at home. He doesn't want to be reliant upon a social welfare system. He wants an opportunity to participate, to have gainful employment so that his little boy, I suppose, can be proud of him and know and understand that he's going to work every day.

As I said in my 1991 inaugural speech, the issue of employment is not just an issue of economics; it is one clearly of personal dignity. We say on behalf of those 8,000 people and their families, their little boys and their little girls: Do not prevent this opportunity from happening.

I want the committee to know that we in the city of Windsor understand our unique strengths because we work at it. Our strategic location is one of these strengths. There are 30 million to 40 million people within a three- to four-hour drive of the city of Windsor, and they are mainly American. No other community in the province of Ontario can say that. The casino will, in our opinion, without question, draw them to the city of Windsor.

In terms of the city of Windsor, in terms of the community as a whole, the casino will assist us in diversifying our local economy. I don't have to remind the committee that our community, as a border community, has been vulnerable to large cyclical swings resulting in heavy unemployment, as I've just stated, and the resulting stress of families in our community, as I have just stated. The casino, in our opinion, will help reduce these cyclical swings in our economy; diversification will help stabilize the economic fabric of our community.

Before I go any further, I want it on the record that I found comments by some members of the Legislature during the second reading of Bill 8 very unsettling

indeed. These were comments which showed, without question, an utter and profound lack of knowledge about the city of Windsor, about the people of the city of Windsor, about the importance and delicacy of the casino issue and how our community has responded to it.

I also want the committee to understand that we have done our homework in preparing for the casino. I asked a member of my staff late last night to go through my diary for the last 17 months. We have held, personally, 122 meetings on the casino issue. The point I'm trying to make is that we haven't taken anything for granted and we haven't taken the position that this is a simple proposition and we haven't taken the position that all we have to do is stand back and it will happen. There's a profound, fundamental work ethic in this community: success, intersection of opportunity and hard work. We know how important the issue is and consequently we are certainly prepared to do what is necessary to allow it to happen and to allow it to happen in a proper fashion.

Many have argued that we are turning Windsor into someplace called Atlantic City. I visited Atlantic City and I can assure you that we have worked hard with the cooperation of the province of Ontario to ensure that this experience will not happen in the city of Windsor. With all due respect, there's very little valid comparison that can be made between Atlantic City, New Jersey, and the city of Windsor in the province of Ontario in Canada. The province understands and shares our vision. This is not going to be a scenario which creates Atlantic City, New Jersey, in this jurisdiction. It simply will not happen.

Honourable members of this committee, please take the time to study and scrutinize the request for proposals. The conclusion is obvious; the conclusion is clear. The city of Windsor, in partnership with the province of Ontario, has issued a series of clear instructions to ensure this casino will complement our downtown, not detract from it, and the instructions, of course, are going to be followed.

Some have argued and attempted to paint a picture whereby our community will be subjected to a large influx of crime. Somehow, the possibility of 12,000 visitors a day will be responsible for the demise of the high level of police protection we currently enjoy. Let me assure the committee that the mayor, city council, the chief of police and the province of Ontario all want, all desire adequate resources allocated to address the security issue. The leadership of this city, I can tell you, will not settle for anything less. The leadership of the province, I can tell you, will not settle for anything less either.

The committee should note that we in the city of Windsor have never suggested that the casino would be a panacea. We have suggested that the casino provides



an opportunity for job creation, economic diversification and downtown revitalization. Honourable members of this committee, the mayor, city council and province of Ontario have not taken their eye off the ball.

0920

Let me give you an example. We in the city of Windsor for many, many years have been attempting to put in place a scenario which would allow for the positive expansion and therefore necessary revitalization of our downtown area. If you could direct your attention to that map on the wall, it's called the twin anchor concept. The twin anchor concept is going to allow this community to take steps up and forward as never before. The opportunity has been given to us, presented to us, as a result of the casino announcement.

On the extreme right-hand side you will see the site for the permanent casino. It's approximately 14 acres in size and it is not a coincidence that it is located on Riverside Drive, which is right across the street, so to speak, from the Detroit River.

You will notice in the upper right-hand side something called the transient marina. The transient marina issue is an issue that we are trying to bring into reality to coincide with the opening of the doors of the permanent casino. Last night, city council adopted the merits of a feasibility proposal, and we are now in the process of dealing with the Ministry of Environment and Energy and the federal Ministry of the Environment in terms of the applicable processes that we will have to follow to meet environmental requirements. We have an anchor on the extreme east end of the central business district.

If you look to the extreme left, you will see something outlined in red, and it's called the multi-use facility. It will be part and parcel of that which will constitute the western anchor for downtown Windsor. So on the one hand we have an anchor on the east; on the other hand we have an anchor on the west. It is going to create economic opportunity, investment opportunity, in the downtown area.

It used to be because of the historical evolution that our downtown was a restricted area. If you put blinders on and if you restrict yourselves, there's no opportunity for improvement. What the casino opportunity has done is it has given us that opportunity for improvement. Our horizons are going to expand, and with that there are going to be many positive opportunities indeed for the city of Windsor.

I don't know where you stayed last night, but if you stayed in the Hilton or you stayed in the Compri and you had a room facing the river, you had to be impressed. It's one of the most beautiful scapes that one can imagine. If you had a chance, perhaps you've been down to our riverfront. We as a council adopted last November a master plan for riverfront development. The casino opportunity is going to allow us to proceed with that master plan in a much more timely way, which is

very important to the city of Windsor in the sense that, as I said earlier, we believe that we know and understand our unique natural assets. Our geographical location is it; our climate is it. If we are going to progress as a city, we need opportunities for diversification. We have access to tens of millions of people in the United States. The provincial government, a couple of years ago, committed itself to funding jointly with the city of Windsor, and there was a tiny bit from the feds, to create the facility that we're in today.

We believe that the casino opportunity allows the city of Windsor to take advantage of the huge multibillion-dollar convention/trade show business that exists in the midwest United States. The casino is going to give us that little bit of difference. It's going to allow us, I believe, to pull our chairs up to the bigger tables and to compete very well for that US business.

If we are successful in that regard, it means then that we are not going to be dealing with recycled Ontario money but rather we are going to be dealing with brand-new money from the United States of America. I know I'm rambling on but I kind of enjoy this.

I want to take a few minutes—and Mr Chairman, you'll have to do your job and cut me off—and go through the Request for Proposals. Again, this the fundamental document. This is the document that all of us have to know and understand. It came as a result of many, many meetings indeed, not only with the mayor of the city of Windsor, not only with the council of the city of Windsor but with police services, with charity organizations, with our development commission, with our convention and tourist trade, with those who operate in the charitable gaming sector, because of course we in the city of Windsor are blessed by our geographic location. We are blessed by the fact that those who attend our bingos in the main are from the United States of America with brand-new money.

The ministry issued this RFP and it is meant to solicit the highest-quality proposal for the casino complex. The objectives of the ministry: "to act as a catalyst for community economic development;"—"community" means city of Windsor—"to create jobs;"—it means creating jobs in the city of Windsor—"to promote the tourism and hospitality industries;"—in part in the city of Windsor to assist us in meaningful economic diversification—"to establish a viable new industry in the province, and to provide revenues to the province," and what's wrong with that?

"These objectives must be attained"—this is what's said in the bible—"in a manner that also takes into account the objectives of the city,"—that's the city of Windsor—"which are: to ensure the casino complex assists in the revitalization of the city's central business district and acts as a stimulus to commercial development, and to ensure that the casino complex is compatible with the city's waterfront master plan, civic square

urban design and 'twin anchor' concept."

By the way, I have to say this: The civic square urban design was a collaboration between the provincial government and the city of Windsor. It's an absolutely outstanding document, an economic and planning blueprint that will assist the city of Windsor in revitalizing itself. My hat's off to the province of Ontario for agreeing to joint-fund.

**The Chair:** I'll just interject at this time and let you know that you have four minutes left.

**Mr Hurst:** Four minutes? Cut me off at any time, Mr Chairman, but not before the four minutes.

I want to point out that in the basic structural framework, "Proponents are encouraged to be creative in their proposals with respect to achieving the objectives described above. However, the ministry expects proponents to take into account the following:"—very important—"Any lease or purchase will provide a fair return"—repeat, fair return—"to the city on its acquisition costs," an opportunity for the city of Windsor, I would submit, to generate some additional revenue. The same thing is stated again and again in the request for proposals.

0930

Page 7, "Operational Framework." Here's the point I want to make:

"A local advisory committee comprised of community representatives will be established. The crown corporation and the successful proponent will consult with that committee on issues which are of interest to the community concerning the casino complex."

Proponents should know that the qualitative aspects of the proposal are as important as the quantitative aspects. I would submit that the mayor had a little bit to do with this wording, because this wording is absolutely critical. We didn't want the situation to be presented where a particular proponent could basically buy the opportunity. Quality is as important as the quantitative aspects.

We asked for and were given the opportunity to have established a review panel comprised of prominent Ontario residents, established to assist the government and the selection committee in making certain that the integrity of the selection process was maintained. I'm very pleased to say that I asked one Charles Clark, who I know Carm knows, to sit on that committee. He's agreed to do so. In a meeting with him last week, he expressed to me that he was very satisfied indeed with the way the selection process was proceeding.

Mr Chairman, you make me rush, and when I rush I'm not very good.

"A comprehensive and creative plan regarding the type of entertainment that is proposed must demonstrate that the proposal makes a unique contribution to the city," ie, the city of Windsor, "and that the proposal is

compatible with the other available entertainment options in the city and identifying possible areas for synergy with existing entertainment facilities."

It just goes to the issue that the common thread throughout the request for proposal document is: Pay attention to the fact that you're in a community that actually has living and breathing people with aspirations, a city that has some sense of where it wants to go in the future, a city that has expressed, I would submit, very clearly a vision for the city of Windsor. Pay attention to the fact that you're in a defined community that has certain unique characteristics about it.

There are mentions made of the need to interact with St Clair College. I mentioned earlier that we had a community college, and there's going to be an interaction there. It indicates: Tell us how residents will be integrated into senior operational and management positions. Indicate what preferences, if any, will be given to local or Canadian vendors. Indicate the synergies, if any, that derive from the proponent's existing business activities. The proponent should outline the types of public education and problem gambling prevention strategies that could be implemented as part of its operation of the casino complex.

**The Chair:** Regretfully, Mr Hurst, your time has expired. I thank you very much for making a presentation before the committee today.

**Mr Noel Duignan (Halton North):** On a point of information, Mr Chair: Is the mayor of Windsor leaving that material and making it available to the members of the committee, a copy of his statement? He indicated that he had some other amendments he would like to see and some other information. Are you leaving that for the members of the committee?

**Mr Hurst:** Do you want copies for all members of the committee?

**The Chair:** If you leave the originals, we can make copies for the members. Great. The clerk has the copies. Thanks very much.

JAMES ADKIN

**The Chair:** The next presenter is the police chief of Windsor, Mr James Adkin, if he could come forward to make his presentation, please. I will also let all the presenters know as they come forward that when we get to the point when you've got four or five minutes left, if you haven't left time for questions, I'll let you know that's approximately the time you have left.

Mr Adkin, whenever you're ready to proceed.

**Mr James Adkin:** Mr Chair and members of the committee, it's a pleasure for me to have the opportunity to appear here this morning. The mayor is always a very difficult act to follow. You will note that I clearly am not a politician; I don't speak as well or likely as long. But at any rate I will have a statement to make and then will be glad to answer any questions that any



member of the committee may wish to pose.

I suppose I come to the committee this morning with two hats, really: as a citizen of the city of Windsor for some 35 years and also as a police chief. As a citizen of the city of Windsor for 35 years, I would like to take this opportunity to commend the provincial government for a very wise choice. I see my city as being one that is strategically located properly to accommodate a casino, and I would certainly echo the comments of the mayor earlier that the panoramic view afforded to the people who live and visit here, I would suggest, is second to none.

Something else has happened to my city since October 6 of last year. I now live in a city of hope. I now live in a city where people see that perhaps the opportunity at long last is here and will be afforded to them for employment and for a better way of life and for the purposes of conducting businesses that demonstrate a pride and look good in our community. I think perhaps that may have something to do with declining crime rates in the city of Windsor that we at the police service are very proud of.

The other reason of course is for that reason the province has selected the city of Windsor, and it has selected a city where crime is on the run. There are a number of factors that likely lead to that independent study demonstrating that we are one of the few cities in Canada that is enjoying declines in not only property crimes but also personal crimes in the city of Windsor, and have for the last 18 to 24 months.

As a police chief, you have provided me with a challenge that will certainly last through my career and likely that of my successor, and it is a challenge because, quite frankly, we care. I see that I have a very sincere and honest responsibility to ensure the citizens of this community that they are going to continue to enjoy safe streets, they're going to continue to be able to send their children to the school grounds and playgrounds of the city without fear of criminal interruption, they're going to feel comfortable to move about the city at any time of the day or night and not be fearful that they will be personally attacked or that their families will be personally attacked.

To do that and to continue to be able to ensure that, we must have qualified, well-trained police officers in place at all times to commit to that assurance. There is simply no substitute for good, trained, organized police people; it can't be substituted. Clearly, that must continue in this community, and I will do all I can to ensure that it does, and I have been assured of the support of an overwhelming number of citizens of this city to ensure also that this will be the case.

I will address four particular areas that I feel must be in place to ensure that safety and security issue. I am here today, as well as being the chief of the city of Windsor Police Services, as a voice for the Windsor

Police Services Board; I'm here representing the Ontario Association of Chiefs of Police and the Criminal Intelligence Service Ontario; I'm also here as the chair of the law enforcement subcommittee of the casino project team.

Those four areas that I believe must be addressed in some form, be they in the regulations of Bill 8 or otherwise, in no particular order, are:

We must have legislation to ensure that the dollars are there to support policing in the various communities of the province of Ontario, Windsor being the first, of course.

#### 0940

It is no secret—it has been reported well in the media—that the casino project team, my staff and myself, have been undergoing negotiations now since the early part of this year to arrive at the appropriate number of police people. Some see that as the province reneging on a promise. I see that as the province not wanting to expend a dollar more than it need expend on policing, and I think that's good business. The role I play is to ensure that when the doors of that casino open, there is not one fewer police person than is required to ensure the safety and security of this community and that the proper equipment is in place to ensure that in fact can be guaranteed.

What I have told this community is that until I'm comfortable that that is in place, I will not say so. On the startup date of that casino, when questioned, I will answer honestly as to whether or not I feel we have adequate numbers and adequate equipment to police the community and the surrounding area of the casino.

We've been involved in a negotiation process, and that's not surprising and that's not wrong. What will be wrong is if, at the end of the day, I am forced or I am required to ensure that all is well when I know, based on 32 years of experience, that it's not all well, and I'll be quite prepared to say so.

The legislation must provide an opportunity for police investigators to have access to records, books and documents kept by the casino, rather than to engage in lengthy legal processes to acquire such information when criminal investigations are ongoing. I think the legislation must make it easy for police people to examine all of the records and documents that are kept by the casino.

The Windsor Police Services Board and the Windsor police administration are on record as having great concerns about the age of majority for people in the casino and to partake in games in the casino as being set at age 19. We believe that age should be 21. We understand all the reasons why the government lawyers have advised that the age of majority should be 19, but we take little comfort in that fact. We do not feel that these young people, particularly the 3,500-plus who

come to our community every weekend from the United States as a result of the lower drinking age here, are going to be the kind of people this government wants frequenting the casinos. We see ourselves as playing a very significant role when we're responding to calls for service when these people are ejected from the casino because they're not able to conduct themselves in an orderly fashion.

I am not speaking out against all 19- and 20-year-olds, but we have a wealth of experience in this community in dealing with that age group. Particularly at 1 and 2 o'clock in the morning, after having frequented our licensed premises, many of them then conduct themselves in a fashion that is less than desirable for the citizens of this city.

We realize that the age of 19 has been decided on, so I'll leave that, only to suggest to you that I believe you will be anxious to revisit that at a particular point in the future, because I think my point will be borne out.

The last theory I want to touch on is one that all of my organizations feel very, very strongly about, and we urge that legislation be in place to address what we believe to be a very real issue in this regard.

At the present time, and since the announcement and for years well beyond, we will be very diligent, in terms of monitoring organized crime figures that arrive in this community, to consult with business people on a regular basis. We will monitor those activities and we will record them. It's what happens after that that causes the police community and the intelligence community a great deal of concern.

If we have to prove beyond a reasonable doubt, or even based on the balance of probabilities, that those business people, and in some cases proponents to vending at the casino, are involved directly or indirectly in criminal activity with a known underworld figure, we're going to fail in our efforts to do that. We may even have difficulty legally bringing that information forward to those who should be aware of it.

If we have a meeting of a known underworld figure in a park with what we believe to be a reputable businessman and that meeting lasts 30 minutes and the following week it lasts another 30 minutes and then the following week it lasts another 30 minutes, chances are they're talking about activities that they don't want to be detected talking about and that may be very detrimental to the operation of the casino.

We're asking for a reverse-onus clause in legislation that if that person was refused a contract, that reputable businessman was refused a contract, the onus would then rest with him or his organization to show why in fact he should be awarded that contract, rather than the police proving beyond a reasonable doubt or based on the balance of probabilities that he is likely engaged in some criminal activity with a known underworld figure.

We believe that is absolutely essential to the clean operation of this casino. I know everyone gathered at this table is bent on that being the case. Assist us in that regard. We must have something there that we can use for a reverse-onus situation.

I was told to prepare for 15 minutes. It's now 16 minutes into my presentation. Those are the highlights of what I have to say. The police service is anxious to ensure that we do all that we possibly can to assist what we believe to be a very, very worthwhile project. We need your help. We need your assurances that policing this community is going to be as great a concern to you tomorrow as you say it is today.

With that, I thank you very much again for the opportunity.

**The Chair:** Thank you very much, Mr Adkin. We have about 14 minutes per caucus. Mr McClelland, you're first.

**Mr Carman McClelland (Brampton North):** Chief, I'd like to thank you for being here. It's good to see you again.

**Mr Adkin:** Good to see you.

**The Chair:** Fourteen minutes total. I'm sorry. I correct myself.

**Mr McClelland:** A brief comment: Your last comment is something that we'll certainly deliberate about, no doubt, and have a great deal of thought and concern over. It seems to me, though, that it's a difficult position. It's a must-have, according to your presentation. I'd be pleased to hear more from you. I'm sure that'll develop over the course of time and be fleshed out.

In a must-have scenario to provide adequate police or to facilitate adequate policing, in light of the arguments that we don't have the time or, I would suggest, the expertise to get into it at this point in time in terms of the charter problems and the whole history of criminal law, we may find ourselves in a difficult position. I just want to flag that and say that we look forward to future discussion on that issue with you, because I see it quite frankly as being problematic.

In that vein, as we look towards the adequacy of resources for policing, you indicate you are in a negotiation process, and rightly so, and I understand the role that you have to play in that, together with the members of the board to whom you are accountable. The question, I suppose, comes down to this: How do we determine at the end of the day the adequacy of policing? Is it simply a matter of negotiations? How much is relied on empirical data in an objective analysis, if you will?

You as the expert, and I say that advisedly, come to the table and say, "Our empirical data, our objective analysis, say we need x number of policewomen and policemen and special forces, individuals and some



other hardware and/or software to do the job.” Then you get into this normal negotiating process where you have a lower and you try to meet somewhere in the middle. At what point in time do you revert back to that objective standard and those empirical data, if you will—I don’t want to put words in your mouth—but draw the line in the sand and say that this is the absolute minimum?

0950

**Mr Adkin:** I think one of the difficulties that both this police service and the government of Ontario are faced with is that we’re both very new to this whole process. My estimates are based on what I honestly believe will be necessary to police the area in and around the casino.

I come to that conclusion by looking at crime trends in our city, by looking at the people casino gambling is likely to bring here, the age range, mid to high 40s. I look at past experience. I look at some issues I know will occur in the community and have already occurred in the community. We take the best data we could possibly get, we draw on our experiences and we arrive at a conclusion. It’s written in this document.

Since this document was established the earlier part of this year, there have been some new issues come to our attention, the largest of those being the transit issue. When we drafted this report, we didn’t know where the casino was going to be located. We didn’t know what games were going to be played there. We didn’t even know if the government was going to own or operate it at that point.

So there is room here for some negotiations and a modest trimming down, I would suggest—underscore “modest”—of the numbers. But what we’ve said to the province all along is: “This is a report that contains logic and to that logic there are numbers attached. You show us where our logic is wrong and we’ll modify the numbers.” They have done that to some degree, but again it equates to a very modest reduction in the numbers.

To answer your question, I think what I must say to you, in fairness, is it’s a wait-and-see situation. What I’m urging and what the government is agreeing to is that we must have a monitoring process in place so that we can monitor, audit our calls for service, hopefully on a quarterly basis, and if I’m too ambitious or the government is not anxious enough to provide, then we must make those adjustments. That’s why my first point talked about dollars for policing as part of some legislative requirement.

**Mr Callahan:** Could I just ask a question, very briefly? I asked it of the deputy minister. Apparently 80% of the people who are estimated will come over and gamble here are from the United States. I asked the deputy minister if they would in fact be exchanging US dollars for Canadian dollars. I cautioned her that this is

a very serious opportunity for laundering money.

I’d like you to tell me whether that’s correct or not, and if it is, is there any way that you’re aware of if they’re going to go that route that they could police that—pardon the use of that terminology—or in the alternative, would it be better for them to do as they have done in Sault Ste Marie, Michigan, where they allow people to gamble in both currencies and avoid the possibility of money being laundered?

**Mr Adkin:** I agree with your comments that it does provide a greater opportunity for money laundering under the situation that you have reported on. I would say to the honourable members of this committee: Money laundering is a very, very sophisticated enterprise, and anything that can be done to ensure there is proper legislation in place should be. If that means gambling in both currencies in the casino, I would certainly be in support of that.

**Mr Ernie L. Eves (Parry Sound):** I want to talk very briefly about the issue of the report of the Windsor police and what appeared to be a conflicting report, at least in part, of Niagara University. As I’m sure you’re probably aware, your report, based on an estimate of 10,000 visitors a day, calls for an addition of some 40 staff, some 33 of them, if my memory serves me correctly, being police officers themselves.

The Niagara University report, which the government is using, indicates that 12 additional officers are all that would be required, says, “The Windsor Police report fails to fulfil its objectives in five important ways,” and then goes on to describe those five important ways. Have you had an opportunity to reflect upon your report and the Niagara report and would you agree that the need, based on 10,000 visitors a day, is now 12 additional officers?

**Mr Adkin:** The figure of 12 additional officers is absurd. I have been through that report very carefully. I have met with Dr Albanese as late as last Thursday. I have gone over my points of concern very, very carefully with him. I find it amusing. If you check on page 30 of that report, I would suggest to you that he talks about the necessity for a large police presence, a uniformed presence, in and around the casino. Let me tell you what that large police presence equates to.

If he is suggesting that I need 12 uniformed police officers, given contracts that we must live within, that would mean that I have six police officers on duty; the other six will be on days off, vacation, compensation leave, and on it goes. If I have three shifts to cover, that means two officers per shift. I’m responsible for all of the criminal investigations that occur within that casino, I’m responsible for all of the intelligence networking that must be done outside of that casino, I’m responsible for all the street crime that occurs around the casino, and he suggests that I should maintain a large uniformed police presence. I just don’t know how, with

two police officers out there, that's possible. I told him that and the response I got was not one that satisfied me.

**Mr Eves:** As an additional question, carrying on with Mr Callahan's question of money laundering, it's an issue that I've raised in the Legislature on numerous occasions. In other jurisdictions where they have casino gambling, money laundering indeed has proven to be a very substantial issue. In the United States, as I'm sure you're aware, there's a provision that the IRS has, which isn't altogether related to crime, I might add—it's also looking for tax dollars, I would suspect, seeing as how gambling profits or gaming profits in the US are taxable.

However, there is at least a requirement in US jurisdictions that any cash sum in excess of \$10,000 has to be duly reported. We noted that 10 Atlantic City casinos have been found lacking, shall we say, in reporting those requirements some 11,829 times, four of which, I believe, out of the nine are still left in the running for the operation of the first casino in the province of Ontario.

Would you not agree—or perhaps that's too leading a question. Should there not be, by any jurisdiction, be it provincial or federal, some sort of law to try to prevent money laundering in the province of Ontario, as indeed there is in every jurisdiction in the US that I know of that has casino gambling?

**Mr Adkin:** Clearly, that must be the case. I would go beyond that and suggest that some of the legislation that I see in the United States, although in place, does not have the kind of legislative legitimacy, if you will, for police officers, police people, to be able to do very much about the enforcement aspect. The figures that you quote would certainly bear that out. If you have legislation and either it's not going to be acted on or it's not going to be legislatively legitimate, then we might as well be without it. I would certainly urge that.

**The Chair:** Mr Duignan.

**Mr Duignan:** First of all, thank you for the opportunity this morning. I just want to repeat a pledge the minister has made in the House a number of times, that the government will make sure that the proper police services are in place when the casino opens. The casino will not open until we are satisfied of that. The minister in her speech yesterday indicated that so far there are 10 new police officers paid for by the casino. We will pay for any more officers who are shown to be necessary.

The safety of this community, the safety and integrity of the project is of prime importance to this government and we will make sure that the people in this community are going to be protected and secure when they walk the streets or are in their homes in this community. As you know, that's the pledge of this government and of this ministry.

The mayor indicated before the problem with the 19-year-old aspect when it will move the age to 21. We realize that the local police services and others would have preferred the age limit to go to 21. However, after giving careful consideration and looking at some of the legal arguments, we felt that the higher age limit would not have withstood a court challenge under the Human Rights Code or indeed the Charter of Rights. We feel that's where the 19-year-old law will remain.

**Mr Callahan:** I find that astounding. How can you say—

**The Chair:** Order. Mr Duignan, please continue.  
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**Mr Duignan:** We do have the lawyer for the project here. Maybe she can expound on that particular point at some time in the next couple of days.

Again I couldn't agree more with your statement about the organized crime aspect of it. We do not want to see organized crime in this community or indeed associated with any business in this community associated with the casino project.

I want to leave some time for my colleague from Windsor, Mr George Dadamo. I understand that you have some questions you want to ask of the police chief.

**Mr George Dadamo (Windsor-Sandwich):** Thank you very much, Mr Duignan. I know that we don't have the luxury, sir, of spending a lot of time, and I may only have a minute or so, but you and the three Windsor members and your staff have sat together in your office and we've certainly discussed a bit about the crime aspect of the whole casino bill and how we were going to attack it.

I know that you've had studies, you've looked at other jurisdictions when it came to crime and casinos and whether they do in fact go hand in hand, and I know that you've discussed how many police officers you think you may need when we're in full operation. What I want to ask you is, have you conducted meetings with the OPP and how do you see a relationship formulating with them? Will they be taking care of the inside and the city of Windsor police will be taking care of the outside?

**Mr Adkin:** The Police Services Acts of Ontario requires that the Windsor Police Service conduct all investigations within the municipality unless that is relinquished by the police services board, and I would suggest that there is no intention to do that.

The Ontario Provincial Police will be in the casino, as I understand. They will be monitoring the tables; they will be looking for cheating at play. Once that is discovered, the Windsor police will be brought in, in some cases, to take the prisoner, to put together the court brief, to go to court and so on and so forth. So yes, the OPP will be there. Will that mean that the



Windsor Police Services is not? No, indeed, not the case at all. We will be and we'll be actively involved in all criminal investigations that occur in that casino.

**The Chair:** Time has expired. Mr Adkin, I want to thank you very much for your attendance today before the committee.

NORMAN ORDOWER

**The Chair:** Our next presenter is Mr Norman Ordower, if you would please come forward. Mr Ordower, you also have 30 minutes to make a presentation. The time for your presentation and the time for questions are to be determined by yourself.

**Mr Norman Ordower:** I'll be brief.

**The Chair:** If people with private conversations could please move outside so we could have some quiet in here.

**Mr Ordower:** My name is Norman Ordower. I'm an independent merchant in the city. Our business has been in existence for some 57 years. I'm also the president of the Ottawa Street business association.

I truly approve of the casino. My experience in casino gambling is that some 25 years ago I was down in Las Vegas on a junket and at that point determined that this wasn't my form of enjoyment. I've never been into a casino since, except that back about a month or so ago a casino company invited a group of us down to Mississippi to experience its casino there. We went down and we spoke with business people. There were realtors with us who spoke with people in real estate. I can only tell you that our experience down there was very, very positive.

Am I on the right line? Am I speaking okay?

**The Chair:** You are doing fine.

**Mr Ordower:** Fine? Okay. Everything was very, very positive down there, and we had an experience of going into their downtown area. The place that I'm speaking of is Gulfport, Mississippi. When we went into Gulfport, Mississippi, we found it to be an absolute disaster. Many, many stores were boarded up. People did not have in place anything at all to try to get some trade from the casino: no organization, no business association, nothing.

The reason I bring that up is that in Windsor, as you know, as in many other communities, we have BIAs, and we've been talking a lot about how we can benefit from tourists who will come to Windsor. I believe that, for the most part, we are in place. We're just waiting and trying to work things out, how we can market for more business in our community.

As you know, we've suffered a long time with cross-border shopping, we've lost a lot of business because of this, besides all the taxes that we endure. It's been very, very detrimental to our business.

I want to bring out something about what I heard on

a talk show regarding casino gambling on Indian reservations through the States. The reason I'm bring this out is the benefits that they appear to have reaped from this type of thing. Apparently, all the income from gambling on Indian reservations amounts to over \$5 billion a year. Their unemployment is almost nil. They offered free medical, free education. They're now building roads and what have you. They're using the money, as far as I'm concerned, to their advantage, to their benefit, and they're using it very, very well.

The reason I'm bringing this out is the same thing for Windsor: The profits from casino gambling can be used to benefit many services and organizations—all the good things, I guess.

You'll have to excuse me. I'm quite nervous.

**The Chair:** That's quite all right, sir.

**Mr Lessard:** So are we.

**The Chair:** Just take your time. Every presenter is probably nervous.

**Mr Ordower:** I think really that's just about all that I have to say.

**The Chair:** Okay. You are now prepared to take some questions from members of the committee?

**Mr Ordower:** I am.

**The Chair:** This time we're going to start with the Progressive Conservative caucus, and we have quite an extensive period of time for questions. We have about 25 minutes. Divide that by three, and I guess that's about eight minutes. Mr Eves.

**Mr Eves:** I don't have any questions, Mr Chairman. I would very happily defer to Mr Kormos or somebody else.

**Mr Peter Kormos (Welland-Thorold):** I appreciate that, Mr Eves.

I was interested in what the chief of police said about the age of people who should have access to the casino, and you didn't have a chance to flesh that out. What would you have to say about that, recognizing we've got a drinking age, we've got an age at which children can leave home, which is not the same age at which they are treated as adults, for instance, in the adult courts, because of the Young Offenders Act? We've got an age now at which they can buy lottery tickets, because Steve Mahoney introduced a private member's bill that was passed that restricts the purchase of lottery tickets, which isn't the same age as the age at which a child can leave home and isn't the same age at which a youngster can drink. What do you say about the chief of police's comments about 21-year-olds?

**Mr Ordower:** I'm in favour of that, truly so.

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**Mr Kormos:** And then we go one further: Would you restrict gambling to 21-year-olds or would you restrict access to a casino to 21? Because you've got the

problem now of, how do you enforce it? Do you screen them at the door? Sure, you can screen them at a blackjack table. Somebody told me what one of those look like once, so I'm reasonably familiar with those.

**Mr Eves:** I find that hard to believe.

**Mr Kormos:** But you can't screen them at the slot machine, for instance, right? Because you give your kid—let's assume it's a kid, never mind an 18-year-old. Let's assume it's a kid. You give your kid a roll of slugs or tokens and he or she can go at it. Now, mind you, at the same time, the racetrack is pretty forgiving in terms of the age at which people are permitted to bet money there. I thought that was an interesting thing that the chief raised and I'd like to hear comments out of you, the fact that you live here.

**Mr Ordower:** Absolutely. I feel that an age of 21 should be the limit. An experience that we had in Mississippi once—and one of the things that I found very difficult to handle at the time was, in this casino in Mississippi, they have a babysitting service from age six months, okay? They took us up to where this service was. They have one person who takes care of maybe four or five kids. As I mentioned, it certainly took a long time for me to digest. As it was explained to me, is it better for them to leave the kids at home by themselves? Because if they're going to go and gamble, they're not going to find out what the rules are regarding their children; they're just going to pick up and leave. If they have a babysitter, maybe they'll leave a babysitter with them. If not, they may leave them in the car.

When it comes to this, when you're talking about age, myself, I prefer the age of 21 as opposed to 19. The other thing is that whether it's 21 or 19, if they want to gamble, they're going to gamble. If it's not in Windsor, they'll find a place where they can at age 19.

**Mr Kormos:** What does that say then? Does that still leave you firm in your resolution that the age should be 21?

**Mr Ordower:** Absolutely. At age 21.

**Mr Kormos:** Notwithstanding. So, in other words, if they're 19 and they want to gamble, let them go to where they can gamble at the age of 19.

**Mr Ordower:** They're going to. It's not a question of letting them go; they're going to go.

**Mr Kormos:** Oh, no, quite right. I was a little surprised to have the government proclaim that it was introducing gambling to Ontario. Obviously, the Premier had never been down to the King Street firehall down in Crowland, south Welland, on a Saturday night. I'm sure you're well aware gambling is not new to Ontario.

What about the nature of the beast that we've got here? Because somebody yesterday, one of the members, referred to this as having the potential of—some of the members here are too young to remember Minaki

Lodge, but I'm old enough to remember it and I think you do too. In terms of the relationship here, it's not a private sector initiative, nor is it a total government initiative. It's a strange hybrid which has in the past spelled trouble. Witness SkyDome, another hybrid: half private sector, half public sector.

Part of me very much says it should have been one or the other and that way there could have been far better control. So what do you say about the way things are developing in terms of the government having its fingers in there but calling upon bidders from the private sector, entrepreneurs, to invest the money and make a go of it?

**Mr Ordower:** My own personal thinking on that is, as far as I'm concerned, that's really the only way to go. The government will own the casino, the government will get its benefits from the casino, and only a private sector casino company would be able to run it, only because of its expertise. I don't see any other way to go.

**Mr Kormos:** Do you think preference should be given to Canadian operators when it comes to bidding? Because there's a real mixture. As you well know, the names of the people who are involved in making proposals range, everything from international companies to American-based companies and some very Canadian companies.

**Mr Ordower:** I think it should go to the company best-qualified to run it. I hope that the help that will be there will be Canadian help. I hope that there will be local help. I hope that the building of the casino will be done by local people. To have an American company come in here and run it, my only thinking on that is that it should be the best-qualified company to run it.

**Mr Kormos:** Fair enough. The problem there then is one of the comments in the Coopers and Lybrand study that was distributed here yesterday was that one of the several spinoffs is going to be the fact that the casino will purchase goods and services (1) in its initial building and (2) in its ongoing operation. Having said what you have, in that instance, what about preferential purchasing?

Do you think it should be required to purchase its goods and services from the Windsor area or get the best possible deal, because then the problem is, it's no longer benefiting Windsor in the way that one would want it to be benefiting Windsor. What if it can get a better deal on glassware or on bread from a supplier across the river in Detroit?

**Mr Ordower:** Peter, my experience, and I'm only talking from my experience down in Mississippi, because other than—as I explained before, this is the only experience I have.

**Mr Kormos:** Was that in Biloxi?

**Mr Ordower:** No, this was in Gulfport. We went to Biloxi as well.



**Mr Kormos:** Okay, close by.

**Mr Ordower:** Yes, close by, exactly. They were talking of profits of \$13 million the first month that they were there. They were talking about \$100 million being put in the slot machines in one month. These figures are really exasperating to me. I think there's enough profit in casino gambling whereby, if it's a little more expensive here, rather than bringing it in from there, they can afford to buy it here.

**Mr Kormos:** I've got to tell you, \$10 of that \$13 million was mine. It took around six minutes last fall and I said, "That's it." The problem is that I didn't leave the building. I spent my 10 bucks, big spender that I am, but I stood and watched other people spending far more than 10 bucks, people who I guess ranged in income from everybody who made a heck of a lot less money than I did to people who made a heck of a lot more money than I did.

What do you say about the problem associated with—because you and I both know it; there are a whole lot of responsible gamblers, if there is such a thing. That's an oxymoron, isn't it, responsible gambling. But what about the people who are looking for the brass ring? What about the hardworking people from here in Windsor who suffer the same human frailties as all of us, who are looking for the brass ring? How do you respond as a member of the community to the problems that creates, to the guy or gal, the man or woman, who goes home with nothing left from the paycheque, the casinos got it all, because you know, if you spend enough time there, that's the way the game works. You're going to lose it all.

**Mr Ordower:** Peter, gambling is nothing new to Windsor—no place. You have lotteries, you have bingos, whatever. There are always games of chance, no matter where. This isn't the first opportunity for somebody to go into a casino hall and, not like you, put \$10 in the machine or, like me, put nothing into the machine.

**Mr Kormos:** So you're up \$10.

**Mr Ordower:** That's just me. My feeling is that nothing's going to stop the person who is addicted to gambling, like nothing stops a person who's addicted to drugs or to cigarette smoking or anything that's bad. In this casino that we visited in Gulfport, apparently they had assistance for addicted gamblers right there on the spot, so it was told to me. I didn't experience it, I'm just telling you what was told to me. If they saw somebody was losing heavily, they were approached and somehow asked if they would like help. To me, that's good.

Understand something: When I told you that I was in Las Vegas 25 years ago—I mean, you went there to gamble. I saw a man sitting at a blackjack table with a roll of hundred-dollar bills, peeling one off after

another. That was gambling to me. In visiting Gulfport, gambling took on a new meaning to me. They have services. They work with the community. They're very community-minded. People were telling me that it was a plus to have casino gambling there.

We stayed in a hotel, a Holiday Inn—I may be off the subject, but I just want to explain my experience. We were booked into a Holiday Inn which was 20 minutes up the coast from this gambling casino. It appeared to be booked solid to me and I overheard somebody in the lobby say: "I never had to make a reservation to come into this hotel before. I could come any time and find a room." But this time he didn't have a reservation and couldn't stay there. Okay? This had never happened to him before supposedly. That was the remark.

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To me, it's all positive. I know when the police chief sits here, there are other things that have to be—but I can't take care of the crime and I can't take care of the laundering of the money or whatever. I don't know what goes on. I'm talking from a layman's point of view. I'm talking as a businessman who has never experienced business the way it is today. That's what I'm talking about. That's where I'm talking from. Not to say that I expect the tourists to come into my store and do a lot of spending, but I do expect that the unemployment roll could lessen by maybe 8,000 people. I do expect a lot of people coming into this community who we never had before.

I think we have an opportunity, as a business association, to attempt to get some of the business that might be available.

**Mr Kormos:** Fair enough. I have to tell you that my perspective on gambling changed. I got a whole new perspective on gambling since I entered politics. Yours resulted from Las Vegas, mine resulted from getting elected to the Legislature.

**Mr Lessard:** Mr Ordower, I want to thank you very much for taking the time from your business to make a presentation to this committee today. I just wondered whether you could put on the record the name of your business and the nature of your business and give yourself a little plug for the benefit of the committee.

**Mr Ordower:** We have a retail store on Ottawa Street; it's a ladies' retail store. It's called Marvin's Ladies Wear, and we've been there for 57 years.

**Mr Lessard:** I know the store because most of my shopping experience when I was a youngster was in the Ottawa Street area. My grandparents lived at the corner of Ottawa and Kildare and they were in that neighbourhood for over 40 years. My grandmother used to love to shop on Ottawa Street because she didn't drive, and that was her neighbourhood.

I've always found it to be a very fine place to shop

in the city of Windsor, even though there have been a lot of changes that have taken place, especially during the time that you've been there. I remember going to Gray's department store back when that was one of the biggest department stores in the city. Of course that store isn't there, and even if it were, it wouldn't be a very big store any longer.

You indicated when you started that you had been to a casino about 25 years ago and didn't think that was your form of entertainment. Did you find at the time that it was something you had any feelings of opposition towards, something that you didn't think was appropriate for—

**Mr Ordower:** No, not at all. People have different forms of entertainment. Gambling happens to be a big business today and people enjoy doing it. I'm just one who doesn't enjoy it.

**Mr Lessard:** I just wondered whether you had maybe changed your mind with respect to casino gambling at some point and why that might have been.

I'm interested in knowing some of the ideas you may have as far as the Ottawa Street business improvement area is concerned, or any business improvement area in the city, be it downtown or Erie Street or old Riverside; what sort of ideas or plans you might have to attempt to try and get some of that business, the new people who are going to be visiting the city of Windsor who have never been here before.

**Mr Ordower:** The only two ideas that have been brought up so far are we have to attempt to bring the people from the downtown area to Ottawa Street or to any business area, and one of the ways of doing it is providing a transit system, a bus service for that, plus advertising and promotion. That's where we're at at this stage. We haven't really gone into it, but we have discussed it. Those would be the two ways that I could just bring up to you right now as far as marketing is concerned.

**Mr Lessard:** When you were down in Gulfport, Mississippi—it's in Mississippi?

**Mr Ordower:** Right, in Mississippi.

**Mr Lessard:** Did you actually go into the stores and speak to merchants?

**Mr Ordower:** Yes.

**Mr Lessard:** Can you tell us a little bit about your experience and the people you spoke to?

**Mr Ordower:** The one store I went into was a men's store and I spoke to a gentleman there. I thought he was an owner but I found he was an employee there. I asked him what they were doing about trying to attract people from the casino into that downtown area, and his only answer to me was that they're hoping that they will build hotels in that area to accommodate tourists who wish to stay overnight and hopefully will bring some business to the downtown area. That was his only

comment as far as trying to attract people into the downtown area.

There was also a shoe store there which some other people went into, and apparently from them they did a lot of business in the beginning because people had to come in who were working in the casino. They came in and bought shoes and other accessories that they required. I guess there's a dress code in every casino that they require to work in a casino. Since that time, she indicated that business was very, very slow. The question was asked, "Are you doing anything to try to bring business back in?" They weren't trying to do anything at all, not even to hand out advertisements at the casino or discuss the problem with the casino management or what have you.

**Mr Lessard:** So it was good that you had that opportunity, I guess—

**Mr Ordower:** Absolutely.

**Mr Lessard:** —to see how other communities were dealing with the impact of a casino on their community. I think, as you have pointed out, we do have an advantage in having strong business improvement areas, not only in Ottawa Street but in other areas of the city, to plan for this. I want to thank you once again for your attendance here.

**The Chair:** Mr Dadamo, a short question.

**Mr Dadamo:** Just a brief one. Mr Ordower, thank you very much for coming down from Ottawa Street. Geographically it is a little bit of a distance between Ottawa Street, your area, and the downtown here with the new casino. Have you given any thought to how you would like to lure people into your area, how you would go about doing that?

**Mr Ordower:** I can only tell you that it would be through promotions and providing a bus service to the Ottawa Street area. As a matter of fact, talking about the importance of BIA, the money could be put in place very easily because of the money we collect in taxes. We use most of the money for promoting, for advertising, and this would be just another form of promotion for Ottawa Street to bring people from the downtown area.

**Mr Dadamo:** There's been a lot of talk about the fact that the successes will probably lie with getting people from the Ambassador Bridge, the tunnel, other areas of the city, to the downtown by shuttle services, and I'm sure that you've given a great deal of thought as to how you'd like to become part of that.

**Mr Ordower:** I think it would be an excellent way. The shuttle service would be an excellent way to bring people into Ottawa Street. When they come over the bridge or through the tunnel here, they're going to come in a car or a bus. They're going to park someplace and then do their thing in the gambling or walk around the downtown area, whatever the case may be, and what we



have to do is find a way to bring them from the downtown area into Ottawa Street. We have nice restaurants on the street, we have nice retail, the street is fixed up beautifully since we've renovated it, and it will be up to us to bring them to the street.

**Mr Dadamo:** Thank you very much.

**Mr Monte Kwinter (Wilson Heights):** Mr Ordower, thank you very much for your presentation. As a businessman, I'd just like to explore a couple of areas. I take pride in considering myself a businessman.

I think the casino in Windsor is not going to hurt; no question about it. It's got to be better than not having it. Whatever it brings it's going to bring. My major concern, listening to the mayor, listening to some of the others, is that you're building up an expectation that I don't think is going to be realized.

The reason I say that, and I want to give you an example of another facility that is very well known, when you take a look at the SkyDome in Toronto, it attracts over 50,000 people every single time the Blue Jays play. It is an artistic success, the Blue Jays are doing phenomenally well, they've won the World Series, they're at the top of the league, sold out.

**Mr Callahan:** Unlike Detroit. I'm sorry. You're right.

**Mr Kwinter:** The SkyDome itself does not make money. The Blue Jays, as a business venture, are marginal. There's a lot of promotional activities by Labatt's and the CIBC, but they don't make a lot of money. Mind you, they equate what is happening. A lot of the suppliers in there make money, but even some of those are having some difficulties.

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The point I'm making is that the feeling I have is that people are looking to the casino in Windsor and saying, "This is it. We have now made it. This is going to transform the city. It's going to bring in all of this activity. Everybody is going to benefit. The people out on Ottawa Street are going to benefit," and everything else, and I just don't think that is going to happen.

The other concern that I have, and one of the comments you made, was that the profits are going to be turned back in to Windsor and are going to be able to improve; a lot of things are going to happen.

I'm sure you understand that under the basic proposal, because it's a sort of hybrid, private and public sector, in order for any private sector investor to get involved, they're going to want to have certain guarantees. They're going to want to say: "If we're going to be in this by ourselves and we're going to operate it, we'll take our chances. You let us make the rules within the legal framework of your jurisdiction, but we will decide how we're going to operate it, how we're going to make our money and we will put our money in and take the business risk."

But if you as a jurisdiction are saying, "We are going to own it. We're going to take out a chunk of the profits up front and you are going to be in there. You're going to build it; you're going to operate it," they're going to say, "Sure, we'll do that, but we want some absolute minimal guarantees. We want to make sure that we're going to get a return on our investment and then we want some upside if we really do it well," and as a businessman, you'd have to understand: No one would go into it for any other reason. That's the only reason they would do it, that they're going to make a fair return on their investment plus the opportunity for some upside profits.

With the government saying, "We expect to take \$120 million or \$140 million a year out of this," there is a very, very strong risk that those numbers will not materialize. If everything goes as projected, no problem. The point I made yesterday: What happens if they build a casino in the Renaissance Center across the river? That may impact on it.

The other thing is that, other than the suppliers in the city of Windsor, the realty taxes for the facility and the spinoff business, the Windsor municipality is not going to share in the profits. How does that grab you?

**Mr Ordower:** Your first question about this being the end-all to our problems: certainly not. I don't look at it that way. I look at it that there's nothing happening in this community up until now to try to help us in the economic straits that we're in. Along comes casino gambling. I tell you that I don't think it's our ace in the hole by any stretch of the imagination. All I'm looking at it from is the fact that it's going to employ, directly and indirectly, some 6,000 to 8,000 people.

We're talking about casino gambling in a community where it's not just the people from Windsor or surrounding areas in Canada who are going to come to gamble. We're talking about the possibility of some 25 million people on the other side of the border who can come to Windsor within four hours by car. We're talking now, instead of the Canadians—we're losing Canadian dollars over on the American side because it's so much cheaper to buy and what have you over there, and now we're going to get some of that American money back.

I do believe that strongly, because of the fact of the impact of casino on people. We've had rotating casinos around town. Every weekend they're someplace else. Again, I don't go to them. I only tell you what I hear. Sometimes they are two or three hours waiting to get at the table. What can I tell you about the SkyDome? Everybody says if the government has its hand in it, it's not run properly. I think that in a case like this whereby the government owns it but does not run it, we have a chance. I really do.

**The Chair:** Thank you, Mr Ordower. Your time has expired. I thank you very much for making a presentation today.

MELVIN MUROFF

**The Chair:** Our next presenter is Mr Melvin Muroff. Welcome to the committee, Mr Muroff. You have 30 minutes for your presentation. You can divide the time however you want. I see you have a presentation to make and so I expect there will be some time for questions.

**Mr Melvin Muroff:** There will be.

**The Chair:** Please proceed.

**Mr Muroff:** I'd like to thank you for giving me this opportunity to speak to you regarding my view of the new casino legislation for Ontario.

Firstly, I'd like to think that everyone speaking today, whether pro or against the casino legislation, has the betterment of downtown Windsor foremost on their minds.

I address you today not only as a practising lawyer in downtown Windsor for 25 years but also as a property owner downtown, a member of the Downtown Business Association, soon to be one of the proud owners of a remodelled Royal Windsor Hotel in downtown Windsor, formerly the National Travellers Hotel.

I'm sure you're fully aware of the blight that has taken over our downtown core area: retail businesses closing down daily, restaurants and hotels suffering from lack of business and barely able to continue. Of more importance is the lack of confidence in the downtown area with no one willing to take the initiative and invest in property development or start up any new businesses. How can you blame them when our downtown hotels are losing millions of dollars yearly, with their occupancy levels at 25%?

We need a catalyst, as the Honourable Marilyn Churley suggests, in order to put new life into our city. I suggest to you today that the proposed interim and permanent casinos will finally put Windsor on the map as an international border city, and we will benefit from thousands of Americans visiting our proposed casino and using the facilities we offer to them downtown.

I am proud to be a Windsorite and I look forward to the day the interim casino opens and my retail and restaurant clients are able to turn a profit for the first time in years. This casino is expected to give a major boost to the city's economy, and we in Windsor owe a great deal of thanks for the initiative which the Ontario government has taken and the hard work of the Downtown Business Association and Windsor labour unions in convincing the Ontario government that the interim casino should be located in downtown Windsor.

We in Windsor now have the opportunity of attracting tourism for the first time in years from not only the United States but also Europe and Asia. Let there be no mistake: Gambling is big business and we in Windsor intend to take full advantage of it and bring the dollars

back to Windsor that cross-border shopping and free trade have taken away.

I submit that tourism in Windsor should be and could be a multimillion-dollar business because of our strategic location to approximately 40 million Americans within a few hours away. Casino gambling, in my opinion, will do the trick and turn the tide for Windsor's recovery.

I want to point out to you that since the announcement of the interim casino in downtown Windsor by the Honourable Marilyn Churley, I have seen what appears to be new enthusiasm with new restaurants and new businesses opening downtown for the first time in years replacing the boarded-up buildings in the downtown core area. Two major hotels which were under power of sale or foreclosure for years in the downtown area have recently been sold, and both new owners propose extensive renovations.

We in Windsor are excited and we await the opening of the interim casino. I am concerned about the possibility that the opening may not take place in January as proposed and I would point out to you and the casino project committee that many businessmen cannot hang on much longer, and we should not lose the momentum and the enthusiasm that has built up over the past few months. A delay of several months could be devastating for everyone concerned, including the proposed operator of the casino.

1040

The Honourable Marilyn Churley has said that the permanent casino site is "readily accessible, affords a magnificent view of the Detroit skyline, is close to the existing hotels and restaurants, and allows the casino to act as a catalyst for much-needed downtown development."

I predict that if the interim casino is successful, which in my opinion it will be, we will see in downtown Windsor the biggest building boom that Windsor has seen in years, including new hotels on two Riverside Drive sites, a redevelopment of the downtown block between the Cleary convention centre and Ouellette Avenue, the construction of the Royal Bank tower that has been placed on the back burner for years, at least one major downtown marina, which is badly needed, several new high-rise condominium projects on Riverside Drive and maybe, if we are fortunate enough, we will see the long-awaited sports complex.

We in Windsor are privileged to have the casino hearings begin in our city. I am fully aware of the fact that the members of the committee sitting here today are not residents of Windsor and probably do not appreciate our unique situation in this city.

I was born and raised in Windsor and I have watched with amazement how cities like Toronto, Ottawa and London have benefited from government assistance over



the years and have increased their populations. Twenty-five years ago, when I returned to Windsor, London and Windsor had the same size populations. Today, Windsor's population has dwindled to 190,000 and London has increased to 260,000. How would you like to raise three children in Windsor and see them leave for Toronto because there is more opportunity available?

I recall, when I graduated from the University of Toronto Law School in 1967, I was ridiculed by my classmates, including a gentleman by the name of David Peterson, for returning to Windsor—

**Mr Callahan:** What was that name again?

**Mr Muroff:** David Peterson—to begin my practice of law. Now Windsor will have its day and hopefully we will be in the forefront of the recovery from the current recession in Ontario and classmates of mine will visit Windsor for the first time in their lives and will experience the first casino in Ontario in our fair city. What an opportunity we have ahead of us to develop our beautiful waterfront.

I am devoted to the development and the wellbeing of the downtown core area of the city of Windsor and will conclude by saying that this cannot and will not take place without casino gambling, which would do away with Windsor's current economic situation and provide long-term survival and growth. I thank you once again. I'll be glad to answer any questions.

**The Chair:** Thank you, Mr Muroff. We have approximately seven minutes per caucus and we'll start with the government caucus. Mr Dadamo.

**Mr Dadamo:** Mr Muroff, I'm as excited as you are and others in this room that we were able to bring this committee to Windsor first, take it away from Metropolitan Toronto probably for the first time in who knows how many years in committees and all those kinds of things. So there's a lot of excitement about that.

I wanted to mention as well that 17 years ago last Saturday my wife, Maria, and I had spent our honeymoon night at the hotel you're about to buy and we're quite excited that the hotel is still there. I'm not sure what the tie-in—there's no tie-in. I just needed to say that. Wayne had made mention about his Ottawa Street days and all that sort of stuff, but I grew up here and I was born here as well, so I have a lot at stake and probably a career on this too.

I wanted to talk to you and your partners and whoever is involved in refurbishing this hotel, the moneys that you'll spend, lifelong money I'm sure, and how it'll work for you. What plans do you have to get this thing going and how is it all going to work out for you?

**Mr Muroff:** Thank you, George. I'll be glad to try and give you some insight into that.

Firstly, this hotel has been managed by the Hanil Bank for three years under a foreclosure proceeding

and it hasn't provided the management with any funds whatsoever to upgrade the hotel, as a result of which the commercial rooms which were used by retail salespeople to house their wares and also to sleep at night have all been closed down and the travelling salesmen no longer use the hotel.

One of the things we want to do is bring the travelling salesmen downtown who used to use that hotel in a big way, and we have plans to spend half a million dollars in renovations in the hotel. We will refurbish it from beginning to end. The only thing we need is a little bit of luck and some tourism coming into Windsor to fill those rooms. The present occupancy is 25%. They're losing \$30,000 a month in that hotel. It requires extensive renovations to the rooms. The building's 18 years old; the rooms have never been redone for 18 years.

**Mr Dadamo:** Since I left it.

**Mr Muroff:** Right, since you left it.

**Interjection:** The bed you slept in is still there.

**Mr Callahan:** That just killed any occupancy.

**Mr Dadamo:** Sorry for the heckling, Mr Muroff.

**Mr Muroff:** Hanil Bank has taken back three properties of National Travellers hotels, one in London, one in Windsor and one in St Catharines, and all three of them are in the same situation. The only one that probably will have any success will be the Windsor hotel, because we're looking forward to increasing the occupancy, hopefully, from 25% to something reasonable, around 75% or 80%.

There's a dining room there that's been closed down for two years, for 150 people. There's a coffee shop closed down. There's commercial space closed down. It's the only hotel downtown with 144 parking spaces. The good thing is, it's only a block from the tunnel and three blocks from the casino.

We're excited about it. It's the biggest thing I've been involved in since I've been back to Windsor, and we're looking forward to making it a success.

In regard to the other hotel I was mentioning, Howard Johnson bought the Red Oak Inn, and that's on Ouellette Avenue. The problem with that is that they don't have any parking; the parking's owned by the neighbouring building. I have no idea what renovations they have planned, but I see a lot of advertising going on.

**Mr Dadamo:** I know you have limited parking as well. Will there be opportunity for expansion at all?

**Mr Muroff:** Yes, a very good point. One of the reasons we bought the building is that the southerly portion of the building was constructed for seven storeys, so we can go up another four storeys on that building and still provide 144 parking spaces. There's only 104 rooms presently and there's 144 parking spaces.

**Mr Dadamo:** Thanks. I just thought it was very important for you to be a little bit more personal about it, and tell the people how important it was to you and your gang.

**The Acting Chair (Mr Gordon Mills):** Thank you. Mr Callahan.

**Mr Duignan:** No. What about me?

**The Acting Chair:** Oh, I beg your pardon.

**Mr Callahan:** Haven't you used up your time? I would have figured you had. I think the Chair counts in different ways.

**The Acting Chair:** The parliamentary assistant.

**Mr Duignan:** Very briefly, you mentioned a very important word, "catalyst," and I think the minister made reference to that as well. The casino is just the beginning of the revitalization of Windsor. The mayor this morning made reference to the fact that it gives an edge in bringing conventions into this community, with the new marina, and making it a holiday destination as well. This will just act as a catalyst for all sorts of new businesses opening up in this community, building new hotels, new restaurants, building new, fun amusement parks, whatever the case may be.

Is that your opinion as well, that this will just act as a catalyst for other entrepreneurs and ventures to happen? Eventually, when these people come just for a day trip to a casino, they'll see it as a safe, secure and fun city to be in and the next time they come, they'll bring their families back and spend a couple of days in this community.

**Mr Muroff:** I'd like to touch on that point for a minute. I think Mr Kwinter was mentioning with the previous speaker about what the benefits of the casino will be to Windsor, and I don't agree with what was suggested. You have to live here to really appreciate what's happening. You will see that in Detroit they have a tremendous crime situation. We don't have that in Windsor. I think, properly policed, this casino will not create any further crime than what we have today.

The other thing is, the Americans like coming over here. They like spending their money here. They want to come back here. They want to use our restaurants. They want to use our hotels. We have very little development in the downtown area. We don't have a major department store downtown; every other major city does. Maybe this will give us a major department store.

Big Boy has closed down within the past year, a major restaurant chain. Mother's has closed down in the past year. Wong's Eatery, one of the biggest Chinese restaurants in the area, has closed down. Cultures has closed down. All these are in downtown Windsor. Certainly a casino will generate new activity.

Within the past few months, there's a new restaurant going in on Chatham Street or Pitt Street, where Union

Men's Shop was. There's a new restaurant going into Cultures. There's a new restaurant just opened up on Pitt Street called Blackjack's, believe it or not. These are within the past month and these people are ready for the casino and they will benefit from the people who come in from the casino.

**1050**

The other thing is that we have a block between here and Ouellette Avenue right on Riverside Drive. That block is ripe for redevelopment. People have tried to redevelop that block for 20 years. Now it will happen; with the casino coming it will happen. The Royal Bank has got a vacant parking lot on the main street of Ouellette Avenue. It's been sitting there for two or three years and, hopefully, they'll go ahead with their project. We have two hotel sites immediately west of here; hopefully, those will be filled within the next year or two. Without this casino it won't happen. There's just no activity taking place.

**Mr Callahan:** I don't come from Windsor, but I have two sons who have gone to the University of Windsor, and one graduated from the University of Windsor law school. As you can tell, I've been down here a lot. I have to agree; I've come down here and have felt very badly about Windsor, seeing the stores that were closed and all the rest of it.

I also have to say, on the other side of the coin, having come back here and strolled over to Ouellette last night and up Ouellette, I ran into two of my colleagues from the government and we started to discuss the issue. Windsor is a very folksy place, a very safe place. When I see young people strolling the streets at night, perhaps it's almost reminiscent of Happy Days, cruising Ouellette Avenue, which I understand is a tradition that goes back well before my kids came here. When I see that, I have to ask myself the question, if I come back 10 years from now, will I see the same thing?

You have to know where I'm coming from. I was born and raised in the United States. I came from a very small town just outside of the Bronx. I can tell you that when you have this turnaround or this introduction of something of that type, you do have associated with it a very definitive change of your entire community.

I was very concerned this morning with the police chief, in that I think it's imperative that the government—I don't want to be government bashing—comes out with a definitive statement that it is going to cover the policing costs of this community to the nth degree to ensure that this atmosphere continues. Thus far, all I've heard is a cross-border shopping report from a fellow who, oddly enough, doesn't even live in this country saying, what, 12 police officers? I think that's absolute nonsense.

I think you should be looking positively towards anything that will generate and stimulate the growth of



this community, but I really have concerns that if I come back here 10 years from now or if my grandchildren come to the University of Windsor, I want them to be safe walking the street. I want them to be able to cruise Ouellette Avenue if they choose to do so. I'd like, if I had any granddaughters, for them to be able to walk out on the street at night.

I've also been over in Detroit. Detroit is a war zone. I say that with all due respect. Hopefully, there are no Detroit people in the audience, but even if there are, I think they'd recognize that fact. Atlantic City: There were comments made about Atlantic City not being something that we should look at, but I think we should look at it. Atlantic City was, in its heyday, the folksy place that was visited by everybody. You could walk the streets. You could do anything. Today, I'm surprised they haven't put underground tunnels from casino to casino, because if you go out on the boardwalk, you'll be mugged. That is a very significant concern.

The question of laundering of money: I suggested to the government, and I hope they follow up on it, that they allow gambling in both currencies, because if they allow the Americans to come over and exchange their dough for Canadian dollars, you're going to see the largest form of laundering of money that you've ever seen, and that will create problems.

I'd like to have strict understanding of who is buying the real estate in Windsor. Are these prices going to be enhanced and upped unnecessarily? There are all sorts of ways that organized crime can get their fingers into your community; they don't have to drive up with Eliot Ness chasing them. That's long gone. These people are legitimate businessmen; they're into legitimate business. There's a book that somebody gave me, and I read it over the weekend. It's extremely interesting. It tells you all the things that are going on in the gambling areas of the world and how they get their money in there.

I guess the long and short of what I'm trying to say is that I like Windsor but, as I say, I'd like to come back in 10 years' time and know it hadn't changed that dramatically. I have real concerns about that, but I think those can be protected by the government not snapping all that money out and putting it in the consolidated revenue fund, by the government not putting the onus on the taxpayers of the city of Windsor to pay for these things that, "Oh, we didn't expect this to happen." If you do that, I think then you'll have an effective program here and this may be worthwhile.

On the other side of the coin, I also would caution the people of this province that they had better watch out, because the federal government has got as big a deficit as the provincial governments do, and you can bet your bottom dollar that if this thing goes and there are more of them that the biggest attraction you've got to getting Americans over here is, number one, the dollar; number two is the fact that the tax man doesn't

stand at the slot machine and when you hit \$1,200 collect 30% of it. That's coming, believe me, and if that happens you may have created a total entity here that may help this community immeasurably and suddenly it will be shut down like that because Ottawa, of whatever political stripe, will grab that dough.

You're going to have to be ever alert in terms of looking after those things. Hopefully, I can come back in 10 years and Windsor will still be a nice place.

**Mr Muroff:** I'd like to comment on your remarks, if I may. First, we in Windsor have a border, which Atlantic City doesn't have, and Canada Customs coming over from Detroit to Windsor is very keen on crime and is going to cut a lot of that off at the border. I do agree with you 100%: We'll need more policing. Another 15 or 20 police officers is not going to do the trick for Windsor.

Windsor will change, there's no doubt about it, but look at the pros and cons. It has got to benefit; it has got to do something with these 100 stores that are closed out now. Another 6,000 to 8,000 jobs will put people back to work. People will start buying homes, they'll start buying cars. It has to benefit the city but, you're right, it will create more crime and Windsor will change. There's no doubt about it.

**The Chair:** Thank you, Mr Callahan. Mr Carr.

**Mr Callahan:** I wish you good luck.

**Mr Gary Carr (Oakville South):** First of all, thank you for your presentation. I want to ask you a question regarding your putting on your business hat.

As you well know, consumer confidence is very important to business people. We've heard a lot of comments on the great job the government has done bringing in the casinos, but I think people have forgotten that this budget in the spring, which introduced \$2 billion of taxes, many economists say will kill about 50,000 jobs. Before we get carried away with this government doing a great job on the economy, I think we should reflect on that.

The numbers are 8,000 new jobs created. Do you believe that will come to Windsor if you get the casino? I'm asking you as a business person knowing the area whether you believe those projections, for 2,500 directly in the casino and about 8,000 new jobs. Quite frankly, I probably respect business people's opinions better than politicians, who may have their own reason for throwing out figures. I want to ask you very seriously whether you think the 8,000 new jobs being created is a realistic figure: higher or lower, or what would you say?

**Mr Muroff:** Let's say it's not 8,000, let's say it's 4,000. Four thousand new jobs in Windsor with a city of 190,000 people is a lot of new jobs, and we haven't had 4,000 new jobs here in years. We've had a lot of closings of a lot of factories. The Big Three have been closing down left, right and centre, other than Chrysler;

Chrysler is booming right now. Four thousand jobs will do a hell of a job for downtown Windsor. Those people will start spending money in the retail stores, they'll start going to restaurants again, they'll start buying houses again. It's got to help and it will help.

**Mr Carr:** One big reason people aren't spending is the taxes, and I don't say just to this government. Governments at all levels and of all political stripes have hurt the confidence with increased taxes. We need to really tackle the issue from the standpoint that it isn't just taxes on business; when you tax consumers you're hurting businesses. The problem we have is that we're overtaxed and over-regulated. As we sit here today there are hearings in Toronto on employment equity which will probably kill as many jobs as this creates.

I appreciate that you say even 4,000 would be good, and people would say that if there are 10 jobs tomorrow it would be good, that anything is a plus. But I'm interested in finding out, again as a business person—it may be difficult to do, but you have certainly read and know the situation better than anybody else what they're doing. I appreciate that 4,000 is great, but when the government says to us that it will be 8,000, I ask you again: Do you think it will be in that neighbourhood?

If you don't know, you can say that, but I'm trying to get a real handle because I don't believe governments when they say it. Again, that's not to be political, because all governments do this: They have a program and they try to sell it under job creation. I want to know from you as a business person, what can we expect in Windsor? If you can get 8,000, I think it will be great.

1100

**Mr Muroff:** I think the spinoff is going to be tremendous. Number one, the construction trades will be building the new casino for a couple of years. Number two, that will spur some high-rise development on Riverside Drive for sure. There will be more hotels built, which we need, which means the convention facilities will be extended. We need more condominiums downtown. We only have a couple of major condominium buildings on the waterfront. That'll happen. I just think it'll bring confidence that we never had before, which we need so desperately.

As far as 4,000 or 8,000 jobs, I can't give you an exact figure. The only thing I know is, if you have a major casino operating in Windsor, it will create new jobs right across the whole city. Retailers will hire more people. The car plants will hire more people if they're selling more cars. There'll be more homes built in Windsor, and, who knows, maybe our population will increase for the first time in 20, 30 years.

**Mr Carr:** Right. One of the things that the government said yesterday—and I don't know if you heard when they did their report when the deputy was in—is that the spending, the amount that they've looked at, and I don't want to be incorrect but they said the

average person's going to spend about \$75 at the casino. Their research shows that they buy one meal and one drink when they come in, and the figure they're using is 80% of 12,000 people will come from the US, so 9,000 or whatever it works out to be.

Those people coming in, how much do you expect them to spend? The big concern that some people have is that they're just going to come across in excursion buses, come in, spend their 75 bucks, \$200, whatever it is, lose the money and not go down and buy a dinner or new shoes or whatever. Do you think they're going to spend the money in the other areas and, if so, what can be done to attract them to do it, because there is major concern that it will be just come in, gamble, lose, win and leave.

**Mr Muroff:** I've been involved in the downtown business association and I can tell you that the department of tourism for Windsor or for Essex county is really gearing up for some big things, because we haven't had this opportunity for tourism in the past and we have to take full advantage of it and keep the people here. They have to use our hotels, they have to use our restaurants. Come here for a weekend, bring the family.

It's different than Atlantic City. This is a different country. You're coming from the United States to Canada. They can fly into Detroit and stay here over a weekend, which they can't do in Atlantic City. It'll be something new for people who haven't been here before. And the other thing is it's safe here, which it isn't in Detroit, and we may get Detroiters coming over for a weekend.

**Mr Carr:** One of the other things that you need to do, and you're right, you need to market it, but with all due respect, where you need to market it is in the major cities like Chicago where it's going to take a tremendous amount of effort and money to do that. How much is Windsor going to be spending in the major markets—the Chicagos I use as an example—because quite frankly I think the premise that you just open a casino and everybody in Chicago's going to know about it and want to flock here is absolutely wrong. The big key to all of this is marketing.

I wanted to ask the mayor this, but we didn't have time. How much is going to be spent by Windsor in the US to market it and how do you see it done: direct advertising, direct mail, television? How are you going to do it, because quite frankly, if you don't, I don't think we're going to get the numbers that we'd like to see.

**Mr Muroff:** I would say they're going to have to spend a tremendous amount of money in advertising on TV to draw the crowds. I have a very big Oriental clientele, and they will come to Windsor, I feel, because a lot of them have children attending university here. I think they will come here, they'll visit their children and they'll spend money here, and they love gambling.



I just came back from Europe. I was in Monte Carlo. I think Peter was asking a question of how you control under-age betting in the casinos. At the door of the casinos in Monte Carlo there are two police officers and they ask for identification, and you have to be 21 years of age to get in. The same thing will happen here. They'll ask for proof the same way you ask for proof for drinking, and I think it should be raised to 21, definitely.

**The Chair:** Thank you, Mr Muroff, for your presentation. Your time has expired.

#### ONTARIO RESTAURANT ASSOCIATION

**The Chair:** The next presenter we have today is the Ontario Restaurant Association, if those representing the Ontario Restaurant Association would please come forward. Members of the committee will probably recognize Mr Paul Oliver, who has made many presentations before committees of the government. I certainly welcome you here today, and if other members representing the Ontario Restaurant Association would identify themselves for Hansard, please, before you start.

**Ms Evelyn Slobasky:** I'm Evelyn Slobasky. I am the president of the Windsor region of the Ontario Restaurant Association. I would like to say that we are pleased to appear before you today and to have the opportunity to discuss our views on the development of a casino in Windsor and to outline to you some of our industry's recommendations to improve Bill 8 and to enhance Windsor's new casino.

ORA, which is the Ontario Restaurant Association, is a non-profit industry association which represents the restaurant and foodservice industry in Ontario and currently has approximately 4,500 members representing thousands of foodservice establishments. ORA represents restaurants both licensed and non-licensed, contract caterers, accommodation establishments, quick-service restaurants and many other foodservice establishments. In Windsor, we represent approximately 200 active establishments and employ over 12,000 people.

With me today are Jim Evans, vice-president of the Windsor region of the Ontario Restaurant Association, Thom Racovitis, a member of the association and Paul Oliver, president of the Ontario Restaurant Association, who will make our presentation, starting with Mr Evans.

**Mr Jim Evans:** I'll give you a brief status of the industry. As you are likely aware, the past several years have been financially devastating for the foodservice and tourism industry in Ontario. Over the last three years, real food industry-wide sales have declined approximately 18%. All sectors of the foodservice and tourism industry have been severely impacted by negative sales.

The restaurant industry has also been severely hurt by the current recession. We must now work together to

improve the health of the industry. In Windsor, we believe that the development of a casino, if done properly, can be a very positive step towards revitalizing the restaurant and tourism industry. It is, however, imperative that the casino be developed and marketed properly right from the start because it is almost impossible to reverse in the future a mistake made early on in the high-stakes development of gambling.

Just for information, our association went to Toronto last November 9 and met with the committee. We initiated it. We talked to them. We shared some things with them.

**Foodservice and tourism industry:** The foodservice industry plays an important role as a key partner in Ontario's tourism and convention industry. Tourism is a major economic force in Ontario and generates an inflow of over \$3 billion of foreign currency. Foodservice operators account for approximately 21% of all tourism dollars spent in Ontario. The cost of food and beverages and the viability of this sector directly influences Ontario's attractiveness for foreign tourism, especially those major North American conventions. The loss of tourism, either foreign visitors who do not come to Ontario or Ontario residents who leave us, is especially critical because it is a direct outflow of capital dollars which are removed from circulation or recirculation in Ontario.

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Today Ontario faces a record annual travel deficit approaching \$4.5 billion. This massive outflow of capital must be addressed by enhancing the competitiveness of Ontario's tourism and hospitality industry. We believe that development of a casino here in Windsor can help begin to address this serious problem. It is, however, important to note that the development of a casino cannot be seen as the only solution. It is only part of a much broader solution. There are many other issues which must be addressed and modified.

At this time, I'd like to turn it over to Thom Racovitis.

**Mr Thom K. Racovitis:** Casinos: The Ontario Restaurant Association supports the concept of introducing casino gambling in Windsor, with 3.1 million visitors annually, provided that the principal focus of this initiative is to generate increased tourism. We do not believe that the introduction of casino gambling should be seen as a major departure in Ontario. Gambling has been a part of Ontario's society for many years. Annually, there is wagered in Ontario over \$4 billion per year on a variety of gaming activities, including \$1.5 billion on lotteries, \$1 billion on horse racing and \$900 million on bingos, probably most of which—the \$900 million—is in Windsor, I think, all well supported by US patrons in our city.

The introduction of casino gambling only expands

existing practices. As well, it represents a major potential for increased tourism. Casino gambling also has been established in many other jurisdictions across Canada and North America and is being explored in many more areas. Ontario now has the opportunity to be on the leading edge of developing a new family-based casino. Unfortunately, if we don't act now, we will not only lose this opportunity of being one of the first, but we could also hurt Ontario's long-term tourism and convention prospects. We must be competitive with other jurisdictions. Most conventions are pre-booked several years in advance, so the sooner we are in flow, the faster we can get upcoming business.

While supporting the concept of a casino, the Ontario Restaurant Association, and in particular our Windsor operators, has a number of major concerns pertaining to the design and operation of the proposed casino for Windsor. We believe that these issues need to be addressed prior to the passage of Bill 8, and in some cases be entrenched in either the legislation or accompanying regulations.

**Restaurants in the casino complex:** For the foodservice industry, the development of restaurants and beverage facilities within the casino is a major concern. The Minister of Consumer and Commercial Relations, the Honourable Marilyn Churley, has stated that the casino complex would include three modestly sized restaurants that will accommodate 10% of the casino's daily visitors.

The ORA supports the concept of limiting the availability of foodservices so that casino patrons will be encouraged to leave the casino complex and utilize the local hospitality operators, taxis and other accommodations. We are very concerned that this provision does not appear in Bill 8 and, more importantly, is absent from the government's request for proposals which was issued to prospective casino operators.

We believe that this promise by the Minister of Consumer and Commercial Relations must be enshrined in Bill 8 before it is passed. With projected visitors of approximately 12,000 per day, a 10% accommodation ratio suggests food and beverage facilities for 1,200 would be required in the casino complex. As with any restaurant, however, the three casino restaurants will have multiple sittings and a number of table turns throughout the day. Based on an average table turn of four times per day, we would suggest that the maximum seating required for the three casino restaurants to accommodate would be 300; 10% of the visitors would be 300 seats combined.

The ORA believes that this needs to be clarified and outlined in a follow-up to the request for proposals document, as previously stated by the government. Without this commitment, the foodservice industry cannot support Bill 8 as is.

**Beverage alcohol prices:** The ORA is very concerned

about the possibility that local establishments will face unfair competition as a result of internal casino subsidization. The principal area of potential subsidization is that of wine, beer and spirits as well as foodservices. It has been stated by government officials that alcohol prices within the casino will be established in relation to other entertainment facilities.

Because of competitive concerns and the need to maintain a level playing field, the ORA supports this proposal. We believe, however, that further clarification is required regarding what will comprise the local price comparison. As you are well aware, there are great price variations between hospitality establishments. To avoid confusion and potential conflicts down the road, a formula to establish the local price needs to be developed and entrenched in Bill 8 for both food and beverage alcohol prices.

The ORA believes it is imperative that casino revenues are not used to subsidize food or alcohol prices to the detriment of local hospitality operators. Windsor cannot allow its hospitality industry to be decimated the way the local food and beverage industry in Atlantic City has been. Consideration is provided to protect the local hotel industry, but not restaurants. We need the same safeguards. Without this provision, we cannot support this legislation.

**Hours of operation:** To build upon the success of the casino, we believe that other regulatory changes need to be implemented in order to attract tourists and build a solid concentrated business. The most glaring regulatory change needed pertains to the closing hours for licensed establishments in Ontario.

We are the only province in Canada which still has a 1 am closing hour for licensed establishments. It has not kept pace with a modern, mobile and flexible society. Current 1 am closing hours are a major disincentive to the tourism and hospitality industry and encourages cross-border dining into bordering American jurisdictions. In Windsor, border crossings to American restaurants, bars and lounges continues to be a serious problem.

In order to permit Ontario licensees to compete fairly and to fully benefit from the development of the casino, changes to the hours of operation must be approved. Extending the hours of operation until 3 am would act as a major economic stimulant within the tourism and hospitality industry and would generate several thousand new jobs throughout Ontario. It would, most importantly, allow local licensed operators to build upon the success of Windsor's casino and create new jobs in the hospitality industry.

**Enhancing infrastructure:** As noted previously, the ORA believes that development of a casino should be seen only as part of a broader initiative to revitalize Windsor's tourism, convention and hospitality industry. To accomplish this major undertaking, we plan to



initiate a Dine Windsor marketing campaign by our local ORA, including a fair exchange program incorporated into this.

This will require provincial and municipal coordination. For example, in the area of border crossing there needs to be better coordination to ensure that the bridge and tunnel are not bottlenecked and that entry into Windsor is made easy for our American visitors. This coordination will also be needed to ensure that enhanced air travel is available to visitors from all areas.

Thank you for your attention today and I pass the microphone over to Paul Oliver, our provincial president.

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**Mr Paul Oliver:** In conclusion, the restaurant and hospitality industry is apprehensive about the introduction of casino gambling for reasons already outlined. We are particularly concerned about the discrepancies which exist between public statements made by government officials and what is contained in the request for proposals. To allay these concerns, we believe provisions regarding the day-to-day operations of the casino must be included in Bill 8.

We recognize that Bill 8 was designed as framework legislation to establish the casino corporation. However, we believe the scope of this legislation must go well beyond simply establishing the parameters. It must have true substance and must build in accountability.

The people of Ontario are being asked to take a leap of faith on casino gambling. The least that we can do is outline in permanent legislation how the casino will function and operate. This will ensure radical changes will not be implemented by this government or by future governments without public input and accountability.

Without provisions in this legislation protecting small local restaurants and hospitality establishments, the foodservice operators in Windsor are being asked to roll the dice on their future. This is simply a notion we cannot support. We have already seen the devastating impact of this public policy approach on local restaurants in Atlantic City.

We support the statements made by government officials; it's now time to put these mechanisms into legislation. Without meaningful and enforceable safeguards in this legislation, we cannot support Bill 8. As outlined, however, we continue to support the concept of casino gambling in Windsor.

You will find attached to our submission an article which outlines some of our concerns on casino gambling and the impact on restaurants in American jurisdictions.

We are pleased to have had the opportunity to appear here before you today and to discuss our views regard-

ing the development of casino gambling in Windsor. We welcome any questions you may have.

**The Chair:** Thank you very much. We have approximately four and a half minutes per caucus, and we're starting with the Liberal caucus. Mr McClelland has a question.

**Mr McClelland:** To our presenters, I want to thank you for your presentation and thank you for being here. We too in the opposition have some concerns in terms of some of the discrepancies or apparent discrepancies, and moreover, I suppose, and I say this I hope not in too much of a spirit of partisanship, there is the leap of faith issue. There very much seems to have been said, "Trust us; we'll take care of you," whether it be in the policing issue or the projections in terms of jobs. We want to see the numbers. We want to see some concrete, empirical evidence and demonstrate in a tangible way some of the promises and overtures that have been made.

Again, I say in terms of the concept, and my colleague Mr Kwinter said yesterday, casinos per se are not the issue. We're talking about the way the project has been done, the management of it and some of the very real questions that are being raised, and you certainly bring up some of them.

I want to direct this particularly to you, Thom, if I might. You talked about the problem with potential internal casino cross-subsidization. If I can take that a step further, one of the hopeful outcomes will be that there will be a generation of business to your industry and your colleagues in the industry.

Mr Kormos asked a question about supply. How are you going to deal with the supply issue, services and the product on an Ontario level? I know you and I had a brief conversation. I might ask you to fill in other members of the committee on some of the initiatives you have been taking to ensure that there is a local component for supply of product for the restaurant association and how that might impact vis-à-vis the casino operation internally.

**Mr Racovitis:** Locally, about four weeks ago, members of the hospitality supply industry just recently formed a suppliers' organization, and we met with Paul Bondy, the industrial development commissioner. That was the first stage of it. We've had several meetings since. Those who were traditionally foes in the industry have sat down together at the same table, recognizing the upcoming potential and also the threat of offshore or out-of-province competition, and have worked very diligently in putting together the concept of a cooperative marketing strategy to supply the casino's total needs on a unilateral basis where everybody participates in this. It's the first time this initiative has ever taken place. There's another meeting scheduled this Friday with them.

Throughout this, as to the sources and the supplies and the manpower and the facilities, the storage spaces and everything else that would be required to supply the casino, I can assure you, without hesitation at all, that it is there. It's in place and the resources are readily available to us, emphasis placed on Ontario product.

Windsor, not too long ago, had four major packing houses. We had four major dairies in this city, processing and manufacturing. Today, most of this product is brought in from out of our city. We had a major international playing card company in the city of Windsor, not that long ago. The facility is still there. So there's still the expertise within this city to even rise to the occasion. Hopefully, the need will be there. But I can assure everybody here, without hesitation, that it can be supplied and it will be Ontario supplied too.

**Mr Eves:** I have a few very brief questions. I take it that your request for 3 am closing applies through the entire province of Ontario, not just the Windsor area?

**Mr Racovitis:** Yes.

**Mr Eves:** I read with interest your comment about recommending that foodservice operators be separately tendered to a different organization other than that which will operate and manage the casino. You raised other concerns, and I think properly so, with respect to the operation.

Your statement on the bottom of page 8 says, "It must have true substance and must build in accountability." You go on on page 9 to say, "This will ensure that radical changes will not be implemented by this government or by future governments without public input and accountability."

I must say I couldn't agree with you more. Governments of all political stripes from time to time tend to do things by regulation as opposed to legislation. The public often doesn't appreciate the difference. Government finds it very easy to change regulations, often without any public awareness or awareness by the media as to what is going on. On the other hand, to change a piece of legislation is a rather public and ostensible step. I take it that what your association is asking for is that Bill 8 itself be amended to include these concerns that you have.

**Mr Racovitis:** Yes.

**Mr Oliver:** It's not even the regulations part of it. It's our reading of Bill 8 that once a casino corporation is set up it can, by policy, change whatever it wants, on to impacting foodservice for example and cross-subsidization. Even the request for tender says there is the ability for the casino operator to provide services on a gratuitous manner, or freebies, as you might want to see them.

We've seen that in US jurisdictions where public policymakers have promised one thing, and then once a casino is up and going they say, "Oh, well, we've got

to change this, this and this." We don't want to see that in Ontario. We think we can develop a good casino here that helps the local economy, helps the local operators. But we need to make sure that we don't get those changes down the road.

**Mr Carr:** Thank you very much for the presentation. You added some very important points. I also wanted to thank Thom. I guess some of the members had the opportunity to be in his facility last night and had an excellent dinner. Hopefully, the people who will be coming will be doing that as well.

My question is this: You've said very clearly the changes you want to make. I think a lot of the opposition are saying the same thing. It was hastily done. It was driven by finances, notwithstanding the fact that people like the mayor liked the idea. They have botched this thing from the beginning.

If you don't get the changes—because you've alluded to it a couple of times in this presentation—you've listed there, then your association will not be supporting it? If you don't get the changes you've listed to Bill 8, you will not be supporting Bill 8 then?

**Mr Oliver:** The issue is not whether we get the changes or not; the issue is just getting the promises that have already been made from the government. From our discussions with government officials, the government recognizes the problems. It's now just getting them put into the legislation so that not only this government, but as I said, future governments live by that. The concern is that once it goes out of the hands of the policymakers, we don't know what the casino management companies will do.

We've heard comments from some of the companies that are bidding on it that they're talking 30%, 40% or 50% foodservice, which is in direct contradiction to what the minister is saying. If that happens, the impact on local restaurateurs could be devastating. Atlantic City's lost half of its restaurants since casinos opened, and we don't want to see local operators being put out of business by the government's casino.

**Mr Carr:** I agree and I think as a politician, not to be too political, you better get it in writing from politicians because they will sometimes promise anything to get approval and then not come through. I agree with you; you should do that. We'll be pushing to ensure that it does happen because I think some of the points you made are very valid.

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**Mr Dadamo:** I present to my committee colleagues here three outstanding people who are very passionate about this city and have worked hard on behalf of Windsor: Jim Evans, with Hiram Walker, and I have shared a couple of cab rides in from Pearson to downtown; Thom Racovitis, from Tunnel Bar-B-Q, and hardworking parents who borrowed about \$500, as I



understand, to start TBQ's many years ago and you've kept it alive and it's a wonderful place that some of my committee members will go to; as well, Evelyn Slobasky, who runs a bowling alley and restaurant on the corner of Ottawa and Parent. Hardworking people.

It's important that Wayne Lessard and I are on this committee, Dave Cooke; all three of us have to listen to you and to your concerns, have to react on behalf of the government and work and become that liaison between here and Queen's Park.

One issue that I want to hear from you is, with the three proposed restaurants that will become part of the final product, will that affect you? I'm trying to figure out what the relationship will be between the three establishments in the site and the outside restaurants and whether, being in the downtown core of Windsor, or reaching out to Evelyn on the corner of Ottawa and Parent, just what kind of relationship that will be.

**Mr Racovitis:** I don't think any of us can be arrogant enough to think that we're sitting isolated and won't be affected, either pro or con, with the casino. The casino's going to have an effect on our whole community in one way or another. From the restaurant point of view, we're really speaking on behalf of the broad section, 200 members of our association. I'd like to think that our downtown operation, just by sheer increase of traffic going by, would actually benefit, offering a product that perhaps the casino won't offer. If they offer ribs, I'll be upset about it.

**Mr Lessard:** They won't be as good.

**Mr Racovitis:** I hope not.

But I think a big part of what we're concerned about is creating the term "the black hole." Unlike Las Vegas, where the weather is pretty nice all the time, we have a situation in the wintertime here where you could have an ice storm, you could have some adverse weather. With a casino that would have the ability to service a great majority of the guests, they would have no cause to move out. Our taxi industry would not benefit from it; the rest of the city wouldn't benefit because there wouldn't be the exposure. So if the mandate is to look at what's beneficial to the city and to the province, I think this is a very important part that has to be considered. It's a matter of getting people mobile.

Part of the thing is that we know they have to eat, unless they come in with brown bags, and I think we should pass a law to take their bags away from them or something.

Other than that, I just think there can be and there will be, if it's oversaturated—if it's a matter of the casino growing and allowing for growth in the future and working harmoniously with the local association, we're business people and we understand that the proponents are business people. They have to be viable and successful in order to continue. We're saying, give

us the same courtesy and consideration. It was built-in protection for the hotels with a 75% occupancy. We're not asking for something that specific.

We recommended earlier that a 1,100-seat night club with live entertainment be incorporated into it. We have to feel very strongly that the people who operate the Vegas casinos, the Atlantic City casinos, wouldn't spend \$1 billion a year on entertainment if it wasn't a necessity. The gambling itself will not be the total panacea. It's been identified that there's a three-pronged entertainment factor that makes these places successful: One is the gambling; one is the entertainment; and the other is the shopping. We recognize locally that even our shopping offerings are going to have to be somewhat improved and embellished upon and selections broadened and so on. So our particular case is not representing ourselves as individuals but our industry as a whole. We're concerned about it from that point.

**The Chair:** Mr Evans, Mr Racovitis, Ms Slobasky and Mr Oliver, thank you for bringing the concerns of the local members of the Ontario Restaurant Association before the committee.

R.C. PRUEFER CO LTD

**The Chair:** The next presenters that we have coming before the committee are Mr William Docherty and Michael Prince, representing R.C. Pruefer Co Ltd. If you would please come forward.

If people could please take their private conversations outside of the room, it would be very much appreciated. Order, please.

If Mr Docherty and Mr Prince would please take their places at the table and start their presentation as soon as they are ready. Again, you have 30 minutes, which you can use entirely for your presentation, or use some time for questioning if you wish.

**Mr William G. Docherty:** We have given you the original business plan of May 22, 1992, which is embraced in some of the legislation. We've given you the response to the ministry casino team of September 28, 1992, and again the response of November 17, and today's brief. We've given you a complete brief on it.

**The Chair:** Thank you, sir. If you could introduce yourself for the purposes of Hansard.

**Mr Docherty:** William G. Docherty with R.C. Pruefer and Dr Michael Prince with the University of Windsor.

Once the committee members have it, what I would like to do is walk you through our response for the Windsor consultations with respect to Bill 8 and take you through a couple of pages in full and then just hit various pages through it, highlights, and then be available for questions. It will take us approximately 20 minutes of reading time.

The table of contents is immediately behind the cover sheet, if you all have it. The introduction and overview—

**The Chair:** Mr Docherty, maybe you just could wait a minute. I don't think all members of the committee have the documents.

**Mr Docherty:** You don't need the blue ones. They're for information. They were prior responses to the casino team. That was for their information.

**The Chair:** You want the one of August 16.

**Mr Docherty:** That's right. But the others are available so you can check the background.

**The Chair:** We'll just wait a few seconds here until we get them handed out. If you would like to refer to the pages again that you are going to be speaking about.

**Mr Docherty:** Pages from just August 16.

**The Chair:** We're starting right at the beginning?

**Mr Docherty:** Right at the beginning, the table of contents.

**The Chair:** Please proceed.

**Mr Docherty:** Discussion point: History of involvement in the pilot casino project.

(1) Business plan for pilot gaming casino in the city of Windsor, May 22, 1992.

(2) Response for the Ontario casino project consultation, September 28, 1992.

(3) Response for the Windsor consultations, November 17, 1992.

(4) Phase II lease proposal for an interim casino at the Art Gallery of Windsor, June 30, 1993.

Discussion point: The Original Vision.

Discussion point: Bill 8, part I, the Ontario Casino Corp.

—Ontario's present capacity to operate and regulate casinos.

—A prudent strategy for Ontario.

—The legislative framework.

—A crown corporation for Ontario casinos.

—Further expansion of casino gaming.

—Management and accountability framework.

—Municipal orientation.

—Monitoring economic and social impacts.

—Dice games and the Criminal Code.

Discussion point: Bill 8, part II, land in the designated casino area.

Discussion point: Bill 8, part III, the Gaming Services Control Act.

—Regulatory framework.

—Liabilities.

—Extension of credit.

Discussion point: Bill 8, general considerations for control.

Summary and conclusions.

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If I could now take you to page 3, item 1, business plan for a pilot gaming casino in the city of Windsor, May 22. You have five copies of that. Prior, we had distributed some 100 copies since May 22, since the original inception. All the remarks with respect to that follow, and I would take you through to page 7, the paragraph beginning.

Many recommendations are included in the May 1992 business plan and the subsequent reports. The casino project team appears to have been influenced by some of the main considerations and many appear to be incorporated into the proposed Bill 8.

It is important to note that throughout our involvement in the development of the casino project, whether for the interim or the permanent casino, we have continued to emphasize that there should be a partnership of effort with the province, municipality, organized labour and the local business community. One purpose of this partnership is to take steps directed towards preventing the casino patron from becoming a silent visitor. If maximum economic benefit is to accrue to the community, this silent visitor must not be limited to spending money in the timeless captivity of the casino and then returning home without seeing or participating in the many features that Windsor and the surrounding community has to offer.

The partnership between municipal representatives and the province should carefully balance the multiple needs and objectives of the city, province and operator of the casino. It is in the interest of the operator to maximize the gaming revenues and the resulting profits, and it is in the interest of the province to maximize revenues and the resulting win tax. The interests of the city, however, are best served by coaxing patrons outside the casino to visit the downtown commercial establishments, by providing attractions that will induce patrons to extend their stay and by inviting the patron to return repeatedly. Although the motives of the partners work against each other, there must be a balance which will enable achieving the objectives of the casino project. This must also apply to all other cities which hope to capture a casino.

The next page is 8, and we'll pick one paragraph, the last paragraph. We commend the initiative of the province in bringing the new industry of casino gaming to Ontario and for designating the pilot plan in Windsor. The standing committee on finance and economic affairs and all those who expect to be involved with this economic opportunity should remember that the downtown business community, with organized labour, was a catalyst for this initiative. It proceeded without help from either provincial or municipal governments. Without the efforts of the coalition, this project would never have become a reality. The standing committee on finance and economic affairs should therefore carefully



consider the concerns and comments of labour and the downtown business community on the content of the Ontario Casino Corporation Act, 1993. The city officials really got involved in a very dynamic way after the euphoric October 7 press conference whereby this city was chosen as the designated pilot plan.

Page 9, point 5: Inadequate control by the province encourages lack of professional staffing, lower employment and salary levels and lingering questions about the integrity of the casino that may affect attendance and lessen economic benefit.

Point 6: Although dishonesty and corruption are not exclusive to private enterprise, there is an extra element of public accountability in public enterprise. In addition, public enterprise can avoid pressures derived from a profit motive that exist in commercial interests.

I would take you through to the next page, page 10, the last paragraph. The Ministry of Consumer and Commercial Relations, by providing for the ownership of casino operations in the province by a crown agency, has taken an important step. However, because of the planned scale of the casino project at present, there is an even greater need for provincial guardianship. It is even more significant that the proposed act should provide for proactive control and independent review and audit of operations by the province. The following sections address some of these concerns.

We go to page 11, one paragraph. We applaud the creation of a crown agency to take absolute ownership of the casino. This was the single most important recommendation of the business plan submitted May 22, 1992.

Page 12, a prudent strategy for Ontario: Wisely, the province has adopted the prudent strategy proposed in our original business plan. That strategy is the introduction of casino gaming in Ontario in two phases: the introduction of a single-site casino that would serve as both a pilot project and prototype for the second phase, which is the development of casinos in other localities within Ontario. The pilot casino project in Windsor will allow the province sufficient time to develop administrative, operational and regulatory capacities necessary for the implementation of a controlled yet successful gaming industry.

Preparation of complete and satisfactory regulation and legislation may take an extended period. In this respect, the province has also wisely decided to open an interim casino that allows the community the potential for quicker economic development and job creation and valuable experience in coping with large increases in tourism. It also gives the province an earlier start in developing the capabilities necessary to the thorough and thoughtful management, control and audit of the permanent facility. The interim and pilot casinos also allow the province to set up procedures to monitor the economic and social outcomes before committing to

other provincial locations. The pilot project also facilitates the development of training programs for casino personnel and for regulatory-investigatory personnel.

Page 13, a crown corporation for Ontario casinos: To avoid the potential pitfalls of inadequate statutory authority over casino gaming operations, our business plan recommended creating a crown corporation for the licensing and management of casinos by a provincial enactment pursuant to section 207 of the Criminal Code. Bill 8 achieves that purpose.

Besides having the appropriate legal foundation, a crown agency with absolute ownership of casinos represents a viable alternative to either public regulation of the private sector operations or direct governmental department control. If the province chooses to operate the casino, the management techniques and structures common to the corporate form will more likely result in effective and efficient performance of the casino gaming operation. A crown corporation also provides the appearance of distance from direct government control without completely surrendering government's watchdog role.

Further expansion of casino gaming: We recommended in our 1992 business plan that the expansion of casino gaming operations beyond the pilot project to other Ontario communities be legislatively contingent on ministerial approval according to the definitive licensing format. Bill 8 and the complementary amendments to the Gaming Services Act do not appear to provide for this recommendation. Bill 8 simply provides for the operation of casinos without restriction. Without the recommended legislative restriction, the bill appears to give the crown corporation blanket authority to open casinos in Ontario wherever and whenever it pleases. This exposes the corporation to increasing pressures from public and private interests alike.

Management and accountability framework: We recommend, however, that the legislation provide for assignment of responsibility as determined by two primary considerations, as follows:

(1) Control and responsibility for large-scale casino gambling should not be commingled with other existing forms of gambling. Providing separation of control, even in a separate ministry, will enable the fresh development of regulation and legislation.

(2) By virtue of the objectives of casino gaming stated in our reports and by the casino project team, there should be extensive municipal involvement and a strong municipal orientation.

The next paragraph, under municipal orientation, same page: We recommend for the purposes of the pilot project in Windsor the initial board of directors be comprised of eight members: three from the province at large and five from the city of Windsor. Appointees from the city would be required to meet a residency

requirement of a specific length of time. Figure 1, modified from the original business plan, shows a representative organizational chart for the pilot program. It should be recognized that representation from the municipality is even more important considering the scope of the pilot casino project now that the day-to-day casino operations are to be managed by private interests.

Page 16, monitoring economic and social impacts: The 1992 business plan also recommended that the province establish, for an indefinite period, an independent watchdog committee to monitor the social and economic impact of the pilot project. This is a vital function, in view of the intensity of economic change, the sometimes conflicting objectives of the operator, province and municipality, and the risk of large-scale social influences from casino gaming. Bill 8 provides that the board of the casino corporation can form a committee such as this on an ad hoc basis or a standing committee in its bylaws. It is important, however, to see that this committee is as objective and independent as possible in its reporting.

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We recommend that this committee consist of a combination of professionally qualified persons selected from academia and the community at large. A carefully selected committee can provide an independent evaluation of economic benefits and sociological effects of the casino project on the daily lives of community residents.

We also recommend that this committee form the nucleus of a Canadian centre for gambling studies to be located at the University of Windsor and funded from casino revenues. This research centre would be a joint program of the faculties of law, social science—sociology and criminology—business administration and others interested in this growing national industry.

Page 17, one line, second line: Changing the Criminal Code to allow dice games in the casinos. This gets the feds into the economic results, because they're going to obtain dramatic revenues as a result of this provincial thrust, and they should come to the party and they should participate. That's the one thing that they can do to make us competitive with gaming in the area on the American side of the border. If the province is hesitant, certainly this community has enough businessmen who would chase the feds for that opportunity.

I'll take you to page 18, which shows phase one of the regulatory management framework for the pilot casino. It appears to be offered by Consumer and Commercial Relations. The bill, by an act, can be assigned to any ministry. One of the things that we're terribly concerned about that I'll speak to again takes place in some of the western provinces, where the ministry that's responsible does its own inspection. We believe that the Attorney General, gaming and control bureau and casino investigation and audit have to be completely separate

from the managing ministry so that there can be no collusion within a ministry to make things apparently good or bad, whatever. The cross-check on the two ministries is important to the integrity of an operation. A single city might have a \$500-million win.

Phase two: We show you, on page 19, the opportunity of structuring it then, with the two separate ministries, on investigation reporting and operations; we show city A, city B and city C. Both of these charts were in our original business plan. We've modified them slightly to accommodate the intricacies that have taken place since October 6.

Page 21, regulatory framework: The business plan of 1992 recommended creating an independent investigation and auditing agency with the mandate of external and autonomous review of security and integrity of the gaming industry. As shown in figures 1 and 2, the plan recommends that an independent agency or gaming control bureau would report to the provincial Attorney General and be separate from the ministry responsible for the casino corporation. This structure enables maximum enforceability and independence in the ongoing review of casino operations.

Much of this recommendation has been incorporated into Bill 8 and the amendments of the Gaming Services Act, Bill 26. The proposed legislation provides for the creation of a Gaming Control Commission, a director of gaming control and a registrar of gaming control. Bill 8 also provides for the appointment of investigators by the Gaming Control Commission. However, these investigators and the audit control and the investigating function are organized within the same ministry as the casino corporation. There is need for an independent authorization of investigators. A recommendation to assign the investigation and the audit functions of the Attorney General was made on the assumption that the personnel in this function, identified as the gaming control bureau in figures 1 and 2, will have extensive experience in investigation and auditing gaming operations and be knowledgeable in criminal law matters.

Page 22, extension of credit: Credit is the biggest cause of scams to the industry on a national basis. The amendments to the Gaming Services Act provide for prescribing of rules governing the use of credit extended to players of games of chance held in casinos. Casinos offer credit as a marketing tool and as a service to its preferred customers. But, as described in our business plan of 1992, extending credit is one of the most serious sources of abuse in casinos and should be prohibited in practice in Ontario casinos. The Beare and Hampton report (M. E. Beare and H. Hampton, *Legalized Gaming and Gambling: An Overview*, Ministry of the Solicitor General, User Report Series, 1984-13, pages 105-109) describes a series of ways in which scams are conducted in the casino credit market.

The most effective regulated approach to this problem



is to legislate against granting credit for gaming purposes. Though the offering of credit is consistent with an objective of maximizing profits, costs associated with the risks of potential abuses are too great. Simultaneously, with increasing availability of banking terminals, the need to extend credit is diminishing. Providing for the granting of credit in this legislation gives the appearance that the province is placing profits and revenue maximization ahead of security, integrity and control.

When that report was done in 1984, the proliferation of banking centres was not available and today, with 8, 10, 12 or 20 in a casino, credit should not be necessary nor the resulting losses as a result of the dunning.

I take you to the summary and conclusions, which I'd like to read in full to you.

In concluding, we again congratulate the province of Ontario and the Minister of Consumer and Commercial Relations for taking this important step in the introduction of a new economic catalyst in the city of Windsor and the province of Ontario. We would also like to thank members of organized labour, the downtown business community and the members of Parliament, particularly the Honourable David Cooke, George Dadamo and Wayne Lessard, for helping us to see this project to its present stage of fruition.

We also congratulate the ministry in incorporating many of the recommendations of our original business plan into its proposed regulations and legislation. We strongly support this legislative initiative of the province and want to re-emphasize that the purpose of the comments and recommendations in this submission is to ensure that the pilot casino project can best accomplish its objectives, so that this important initiative will result in an economic benefit to the community as well as the province with a minimum of social risk.

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The following points summarize some of the key issues and recommendations that have been addressed in this submission:

—That there is legislative restriction placed on the expansion of casino gaming beyond the pilot project.

—That the assignment of ministerial responsibility consider separation from other existing forms of gaming.

—That there should be municipal involvement in the governance of the casino corporation, the setting of regulations for the industry and in monitoring the impact and success of the pilot project.

—That the board of the casino corporation appoint a general manager of gaming operations.

—That the act provide for an independent watchdog committee to monitor social and economic impact.

—That the legislation provide for funding prevention programs and treatment of addictive behaviour and other social problems arising from this initiative.

—That the control and audit functions of the industry be separate and distinct from the ministry responsible for the operations.

—That the granting of credit to individuals for gaming purposes be expressly prohibited.

—Finally, that the province take persuasive steps to have the exclusion of dice games removed from the Criminal Code.

There are too many recommendations in our 1992 business plan and the subsequent reports to include this in the submission. We are providing the committee with copies of those reports for additional background to this submission. We thank you for the opportunity to present our remarks to you.

**The Chair:** Thank you, Mr Docherty. We have exactly two minutes per caucus. Mr Eves, did you have a question you wanted to raise or a comment?

**Mr Eves:** I would like to congratulate you on what I think is an extremely well-thought-out and presented report. I think there are several recommendations in there that you have suggested the committee and the government would do well to consider with a great deal of seriousness. The separation of responsibility I think is an excellent suggestion, the degree of municipal and local involvement.

I'd like you to expand, if you would, on recommendation number 6, "That the legislation provide for funding prevention programs and treatment of addictive behaviour and other social problems arising from this initiative." I know that's a situation that other jurisdictions, both in Canada and other places, have had to deal with and I'd just like to have you expand for a couple of minutes on that particular point.

**Mr Docherty:** Assuming that the revenue is in a gross of \$500 million and assuming that the provincial tax is some 20%, that's \$100 million off the top. That doesn't consider the profit on the operations as well, so there should be a few dollars that could be set aside out of the program to have addictive centres. We have Brentwood Recovery Home for Alcoholics in our community and it is funded in part by the government and in part by gaming operations that are administered.

That program must be upfront. We can't wait to react. You've got to act out in front, and I think the government has wisely concluded that that's a very important part of it. Of course, the initiative to get it going always follows a little behind. What comes first, the chicken or the egg?

I think they must come together in this situation so that, as a community, we're prepared. A study group at the university—Dr Prince has followed every step of the way with me. I engaged him in February 1992 and he has a thorough understanding of it and so do some of the other people we used at the university. That kind of operation would be most important to having a win-win

situation. It's going to be a winner. Everybody who comes here is going to tell you about the economic impact. We knew that a month after we introduced it. What we've got to do is make sure that those less fortunate than ourselves win too, and that's a very important part of it.

**The Chair:** Thank you very much. From the government caucus, is there anyone who wishes to make a two-minute statement? Mr Duignan?

**Mr Duignan:** We have no questions.

**The Chair:** Mr Kwinter?

**Mr Kwinter:** Yes. First of all, on a point of information, on pages 18 and 19 of your charts, there's an error that could lead to some confusion. Just so that you can remember it easily, in Ottawa they have affairs; in Ontario we have relations.

**Mr Docherty:** Fine.

**Mr Kwinter:** If you take a look, you'll see you have "Consumer and Corporate Affairs."

**Mr Docherty:** Thank you.

**Mr Kwinter:** Mr Docherty, I apologize. Who are you and why are you here? You came in and you went through this thing like a tornado, but I have no idea what your interest is.

**Mr Docherty:** I was born and raised in this community. I'm 61 years old with six children. I've carried on business in this community as a builder-developer since I was 15 years old. I have served on government. I was chairman of the Ontario homebuilding council for two years, 1976-77. I was chairman when warranty came in and I was chairman when rent control came in, both very active situations for Ontario.

I sit on a number of committees in this community. I chair the Brentwood Recovery Home for Alcoholics and I've a great interest in what's going on. Originally, I started this when I won a proposal for a sportsplex here, a multi-use centre. I found very shortly after winning it that the only way it would work was to put people on the street. Having been born and raised in Windsor and travelled to Toronto for all of the meetings, I came to realize very early in my life that, not quite as harshly as this puts it, Highway 401 ended in London.

On an economic basis this government that we currently have has made great strides for this community, in looking after it, because we have three elected members. I felt that perhaps there was an opportunity to bring casino gambling to the province of Ontario. If you read that business plan of 103 pages, all the history is there, the subsequent reports are there, everything is there for you.

I was interested in doing one thing in this community: putting people on the street so those of us who have risk investment and have businesses here have a chance

to do something besides lose money. We have been besieged by the cross-border shopping, which has now come to an end with the return of the Canadian dollar to its high discount rates, but that's not enough. In terms of the revitalization of our downtown community, we feel this, properly done, will work. All of the elements, all of your \$150,000 Price Waterhouse and all these fellows who studied it, they agree with us, and it'll work for the province as well.

**Mr Kwinter:** Can I just ask you one other thing? How critical is the changing of the Criminal Code to allow dice games?

**Mr Docherty:** It's not critical. It's something that can be done en route, because surely the feds—and I've had some preliminary discussions with them just on my own to see what the obstacles were. I had a lawyer look at to make sure that it was doable. It's a minor amendment to the Criminal Code. There is pressure already in other provinces to do the same thing.

If we want to be a full-scale competitor with New Jersey and Las Vegas, we have to have crap tables. It's that simple. Because of the catchment area we're in of some 50 million people across the river, we will have no trouble for a year or two or three, but eventually we have to play with a full deck, if you can use that expression.

**The Chair:** Mr Docherty and Mr Prince, thank you very much for presenting before the committee today.

The committee will resume at 1 pm. The committee is now recessed.

*The committee recessed from 1205 to 1305.*

#### ART GALLERY OF WINDSOR

**The Chair:** I'd like to proceed. Dr Smedick, please go ahead. You have 30 minutes. You may use all of that time for your presentation, or part of that time for your presentation and leave some time for questions.

**Dr Lois Smedick:** I plan to make a brief presentation and respond to questions that members of the group may have.

My name is Lois Smedick, professor of English and dean of graduate studies and research at the University of Windsor. I am speaking today as a representative of the board of directors of the Art Gallery of Windsor, where I also serve as chair of the acquisitions committee.

I will focus my remarks in three areas. The first is a question: What has gambling to do with art? The second is another question: What's in it for us, where "us" is, generally speaking, the directors, members, patrons and friends of the Art Gallery of Windsor. The third area I want to address is a statement I don't necessarily believe in my personal life but I certainly do believe in the context of support of cultural institutions: When giving a gift, nothing beats the elegant simplicity of money.



**Mr Dadamo:** One size fits all.

**Dr Smedick:** One size fits all.

First of all, my first question: What has gambling to do with art?

Like it or no, gambling is a human activity. It was invented by human beings. At least, I don't know any other animals that gamble as human beings do. It's found in some form in many, maybe all, different cultures worldwide and it combines some of the very basic elements of human existence:

—Desire for success and, with success, gain.

—Congregating for a specific purpose, with or without socializing, that is, just being in a crowd. We must like it; we do it a lot. We often find ourselves in crowds, not always knowing entirely the purpose why we're there.

—Playing something that has rules, requires skill, capitalizes on luck, involves risk, and yes, may end in victory or disaster: football, tightrope walking, playing the stock market, climbing a rockface, starting a business, getting married. All of these things fit the description I've made.

Art, too, is a human activity. It is not a product, although we hang pictures in galleries and install sculpture and various other forms of art. It isn't the product that is the essential of art but rather the making, the doing. Artists call themselves art makers. It is a universal activity. It is necessary to us in some deep, human way, and the making and saving of art so that others besides the artist or the people immediately around the artist may see it—that is an incredibly costly enterprise. It's an incredibly costly enterprise to have a gallery, to have a museum. It is costly in terms of talent, time, effort and of course money.

So the connection of these two activities, gambling and art, is both superficial—one needs what the other provides, namely, money—and is also more profound. As human activities, games of chance and art making overlap perhaps more than we always want to recognize. Humanity is a complex proposition. Our activities as human beings do not fit into neatly separable compartments. The pole vaulter is like the ballerina is like the chess champion is like the jazz musician is like the expert bridge player.

My second question is, what's in it for us? "Us" here is the Art Gallery of Windsor, the board of the Art Gallery of Windsor and the members of the community who are particularly interested in the survival and the growth of the art gallery. To be absolutely blunt, what is in it for us is risk, first of all, and an incredible amount of effort by Art Gallery of Windsor staff and by their resource people in the community.

This is not an easy transition. Commitment to a future is in it, a future based on what we have come to call a legacy accruing to the art gallery from the deci-

sion, first, to locate a casino in Windsor, and, second, to rent the art gallery building as an interim location. I stress the word "building" here because the building is not synonymous with the gallery. We use one as shorthand, sometimes, for the other.

For the duration, the Art Gallery of Windsor will be elsewhere. Like a university, a gallery is not a building but a focal point for a kind of human activity. In the Middle Ages, scholars from the University of Oxford hiked off to the East Anglian fens and founded Cambridge University. So the Art Gallery of Windsor will move out of its beloved site for a while, be itself somewhere else, and then move back stronger, richer, we certainly hope, and poised for whatever is next.

Finally, the "elegant simplicity of money" that beats all other gifts: Cultural organizations and institutions are on hard times for the simple reason that our society has too much to do and too little to do it with. We expect widespread accessibility to education through the post-secondary level. It's coming to seem now as though we expect accessibility even to graduate studies, certainly through the master's level. We expect, nay, demand, superior health care and we expect services and agencies of all kinds to meet special needs. We want material goods in a quantity and of a quality that most of our forebears could have scarcely conceived.

The government dollar is hard pressed and arts expenditures are particularly vulnerable—not, I insist, because arts are expendable; they're not. Their universality shows that art making and the products of art making are a part of our existence. But they are vulnerable because in the chorus of demands the cry for the arts is heard as less urgent: Put them on hold for a while, they'll survive and we can bring them back to health some time down the road. Not so. Art is long, but the individual arts organization or institution can die as quickly as the human being can.

What will keep it alive?

—Implementing the provincial commitment already made to provide 1% of the construction costs of a provincial building, and that includes gambling casinos, to art, with the use of that 1% to be determined in consultation with the arts community.

—Second, ensuring that the Art Gallery of Windsor, for example, does receive its legacy in exchange for what it has done: sacrificed its presence in the building of its choice for a period of time, ensuring that it does receive its legacy and is able to return to a strengthened, improved facility; a renewed, restored body in which its spirit can continue to thrive.

—Third, helping the Art Gallery of Windsor to use its legacy, not just for the gallery itself but as seed money for the cultural community in general.

The thing about humanity, we humans who gamble and also make art, is that we are all in it together willy-

nilly, and art, whether we know it or not, enables us to survive.

**The Chair:** Thank you very much. We have about six minutes per caucus. Mr Callahan.

**Mr Callahan:** Just very quickly, I understand that it has been in the past the practice that 1% of provincial buildings would go towards the arts, but it's also my understanding that the permanent casino is being built by private enterprise. Am I correct? It's not being built by the province. Have you been given a commitment that 1% of that cost will go to arts as well?

**Dr Smedick:** Can I answer that with a question? Does the province get out of its commitment to support the arts in this way by having private enterprise build the building?

**Mr Callahan:** That's my next question to you. I don't see it as machiavellian as that, but perhaps you see it that way. It may make a rather interesting question in the House, in fact, but I suppose the idea behind it is to try to get the entrepreneur to put up the money to build the building. But you haven't received any commitment from the minister—

**Dr Smedick:** I have not personally.

**Mr Callahan:** —that she will treat that as a quasi-provincial building and that you'll get commitment of the usual 1%.

**Dr Smedick:** I, personally, would push very hard for at least 1% of the cost to be dedicated to the cultural community, but I don't have a commitment from whoever is going to work out the arrangements with the province and so on to have that money come back.

We have talked about this in other contexts elsewhere, such as green space, for instance. The commitment to green space sometimes disappears in some landscaping right around the building, and it's not accessible green space to a population to make a building fit in with its environment. I think we can't dodge what these commitments represent, which is providing a user-friendly environment for people, providing support for cultural organizations, which contribute to the life of everybody.

1320

**Mr Callahan:** Are there any other activities? I know in my community we have a bingo hall. Everybody has any number of nights they can get in there to raise money for the community. Is that done in Windsor?

**Dr Smedick:** Bingo is very big.

**Mr Callahan:** So the arts community actually volunteers, commits itself to doing nights in bingo to raise money for the arts.

**Dr Smedick:** They certainly do.

**Mr Callahan:** So the survival of bingo is as essential to this community as it is to my own community.

**Dr Smedick:** Something like bingo is certainly

essential these days, I would say, yes. We can find all kinds of ways to raise money, but we know that is one sure-fire way. I belong to the Rotary Club and it's after us all the time to go into the smoke-filled hall and preside over bingo from 6 o'clock in the evening till 1 o'clock in the morning because it gets a lot of its revenue from that.

**Mr Callahan:** We've heard this morning that the stats the government has are that bingo will not be affected by casinos as long as the bingos are not taken within the casino environs. However, there is a game called keno. You're probably not a gambler, so you probably don't know what keno is.

**Dr Smedick:** I've heard of it.

**Mr Callahan:** Keno is very much like bingo. I wanted to ask you the question about how important bingo was to you to try and persuade the landlords or the operators of this casino and any future ones that may take place that they would not allow keno in there or would not move the bingo into the casinos to cut off the very necessary and very time-consuming efforts that volunteers in communities throughout Ontario and Canada have put together to try to make money for their endeavours. Thank you very much.

**Mr Carr:** Thank you very much for the presentation. What is the status financially of the art gallery now? I'm sure it's public knowledge, but for example this year, how are you fixed in terms of debt and what's the financial position of the art gallery?

**Dr Smedick:** We are not in debt as such, but we have pending enormous expenditures, such as replacing the roof, such as adequate air-conditioning and so forth to meet the long term, accessibility for the handicapped, various kinds of things. After all, as people know, that was a brewery warehouse which was brought up to a level to be an art gallery and then renovated to take the asbestos out and so forth.

The demands for an art gallery or for a museum environment, let alone just the natural wear and tear on a building, create an enormous backlog of need. I think what has come home to us, certainly to me as a member of the board of directors and also as part of other cultural organizations, is that we've really got to try new and innovative ways to bring money in, instead of simply going cap in hand, as it were, to funding agencies and saying, "Give us more." For one thing, they will not give us money for capital costs from, say, a granting council, but for programming. There's a limit to what the city can do for us, to what the province or what the federal government could do.

**Mr Carr:** I appreciate that you were very honest, saying it is really financially driven. What has been the promise, as somebody who's on the board of directors? What's the amount you've been promised?

**Dr Smedick:** What figure will we put on legacy?



**Mr Carr:** Yes. I didn't want to be as blunt, but I'm glad you were.

**Dr Smedick:** I suppose if it were below about \$4 million, we'd have to ask seriously, is it worth doing at all? If it were above \$6 million, we would be delighted. That's where we are.

**Mr Carr:** What type of guarantees do you have? Not to sound political, because this could be all governments of all political stripes, but unless you have some hard, firm guarantees—as you know, the province is in a deep financial situation, probably only to get worse. We've taken dramatic action over the last little while. What type of guarantees do you have that you're going to get anything, let alone in the range you're looking at?

**Dr Smedick:** I guess if we didn't have a pretty good expectation, we would have to say, "Look, this isn't worth doing."

**Mr Carr:** But is it in terms of a binding contract, or just commitments?

**Dr Smedick:** It would certainly have to be.

**Mr Carr:** Where are you at now in terms of—

**Dr Smedick:** Negotiating.

**Mr Carr:** Still negotiating, but as a director you firmly intend to have a negotiated signed agreement with the corporation.

**Dr Smedick:** As a member of the board I would, I think, demand that before we get too much deeper we have something very solid.

**Mr Carr:** What are you going to do in the meantime? What are your plans through the transition period?

**Dr Smedick:** This is one of the difficulties, that the staff really has to plan for a move before it even knows entirely the circumstances under which this is going to take place, because you don't just suddenly one day decide to walk all that art out of the gallery into a place. There are any number of concerns that exist about that. So they have to plan "as if." If "as if" doesn't come to pass, that's another story, or if "as if" is delayed for a longer period of time than expected, then there are consequences of all that.

**Mr Carr:** What does the staff think about it? What are their comments?

**Dr Smedick:** I think they're very supportive. I don't want to embarrass our present director, but I think they have a very dynamic director who has certainly rallied the support of the staff to do what is needed.

**Mr Carr:** What do you think is going to happen to attendance during, shall we call it the transition period, or whatever? What do you see happening?

**Dr Smedick:** To speak absolutely frankly, I feel that the art gallery has reached a point in its history where it has to continue to reach out to an ever broader community, and I'm not sure that an institution that is situated and has been situated as it was for a certain

period of time, without radical change, is doing all it can to reach out. This is an opportunity to do that, to present programming in a way people haven't received programming, not as something you come into that building to have but as something you encounter in your daily life outside, whether it's downtown, whether it's out in the outskirts, wherever it is.

This is what art is all about. As I have quoted to people who were very concerned when this was first talked about, I said art is a verb, not a noun. Art is doing; art is being. It isn't something that you package and put somewhere.

On the doing side, I think we can do a lot out in the community. That's what I mean by coming back not just richer in the sense of monetarily better fixed, but coming back richer in other ways as well, with a renewed membership, with perhaps a different group or inclusive of a different group of members than existed.

**Mr Carr:** What are you going to do with the \$5 million? What are the plans? Are you already actively spending it?

**Dr Smedick:** No. Establish an endowment. As the director has said to me personally recently, it's not as though we rush off and spend this. This is the future. This is the basis for having a future.

**Mr Lessard:** I want to thank you for your presentation, and I want to also thank the board of directors from the art gallery for their approach throughout this—I guess you could refer to it as an ordeal—because I know when the board's decision was originally announced, it was really a novel approach. I certainly wasn't convinced that it was necessarily the way we should go. However, it was something that was voted upon by the members and they were given an opportunity to decide whether they were for this or against it and they did come out in favour of it.

I also want to acknowledge the work of the university president, Ron Ianni, because I think he had a big role to play in how this was stick-handled through the process. I also want to acknowledge the work the director has done, Nataley Nagy, who is here with us today, because she's just begun and kind of got thrust headlong into this controversy in a new city and a new art gallery, and I think she's handled it very well.

1330

I heard initially from some of the members who were opposed to the proposal of the casino being in the art gallery building, and I thought about what my grandmother might have felt about that idea. She was a member of the art gallery when it was back at Wil-listead and took art lessons in the coach house, and I just wondered how she might have felt about this move.

**Dr Smedick:** Very negative, I'm sure.

**Mr Lessard:** I don't really know how she might have felt, but I think, after having gone through the

process and hearing what members felt and the board of directors and the rest of the community, there are a lot of advantages to the art gallery. Of course, one's the downtown location. The other one is that it not only will lead to the improvement of the gallery as a physical facility; it also gives an opportunity to move from that facility out into the community and therefore reach a market that may not have gone down to the gallery in the past. It also, more importantly, ensures that the interim casino does remain interim, because the art gallery's going to want its gallery back—

**Dr Smedick:** Most certainly.

**Mr Lessard:** —which was a fear we had in considering some other locations, that they may tend to become permanent once they are established.

Those are the advantages I see. I guess if I had a question as a result of all that, it would be maybe to explain some of the efforts you've taken to relocate the collection or to get it out into the community and what sort of work you've done in anticipation of the transition taking place.

**Dr Smedick:** Just two or three things: We received a grant for storage screens, which come at a very timely point. Had they come sooner, they certainly would have been extremely useful, but they are absolutely indispensable to the proper storage of the art in a facility elsewhere.

Secondly, it is going to be possible, I understand, if all goes according to plan, to have access to the permanent collection during this period. In other words, it won't be in storage in the sense of being inaccessible; it will be in storage to be drawn upon, provided the appropriate circumstances, conditions and so forth can be ensured for displaying the art.

Those things are going forward. So far as the anticipation of the interruption in programming is concerned, my understanding is that this is like an individual negotiation with the various programs anticipated. Some will undoubtedly go forward, others will probably have to be postponed and maybe we will lose some others.

The art gallery really has a skeleton staff. It doesn't have any slack but it does have a group of very competent people there who are really working night and day to make this work. So I think there's the planning, I think there's the vision and I think there's the hard work to do this in the right way.

Just to go back to an earlier comment you made, when I first heard about this over the phone, I was really in a state of shock. That's the only way I can describe it. The first question I asked was, what does the former director think of this and what does the incoming director think of this? Had the incoming director not responded as she did to the challenge and the opportunity it presented, I don't really think we could have carried it off.

**The Chair:** A short question, Mr Dadamo.

**Mr Dadamo:** I wanted to make you smile a little bit. I was just running down from a brewery, to art, to casino, back to art, hopefully. It's almost one half of baccarat. So that's where you're future's going. That's all I wanted to say.

**Dr Smedick:** Very good.

**The Chair:** We're out of time. Thank you very much, Dr Smedick, for presenting on behalf of the Art Gallery of Windsor.

**Dr Smedick:** Thank you.

BRIAN A. MCKENZIE

**The Chair:** Our next presenter is Brian McKenzie, if he would like to come forward, please. Mr McKenzie, we have your brief before us, if you would like to start. We remind you that you have 30 minutes, of which you have, obviously, a timed brief. If we have enough time at the end, we'll have some time for questions.

**Dr Brian A. McKenzie:** Very good. I would like to begin by commending this committee for taking the initiative to hold public hearings, and not just in this city but in many other centres across the province.

I would also like to commend the committee for making some time available for private citizens such as myself to make presentations. I count it a privilege. It's a privilege because in our own city here of Windsor, I was not afforded the opportunity at our city council meetings to make presentations.

Our city council, I have heard, is supportive, and indeed it is supportive, but in their busy lives they don't have time to listen to people who have serious concerns. Indeed, I wrote down much of the same material and submitted it to our mayor several months ago and I've yet to receive a reply or acknowledgement. I know he received it, because I gave it in person to his secretary, so I want to commend you for doing much better and for helping to redress some of the problems. A good number of us are feeling that something might be railroaded through before it is refined enough to work well.

When the casino gambling issue was first proposed in 1992 I had no major concern or objection to it. It seemed little more than a big bingo to me. As the issue was explored in the media, however, I have been forced to conclude that the issue is much, much greater. One cannot remain complacent when casino promoters such as Donald Trump, perhaps in a bit of extraordinary candour, tells the host of the CBC business program, Venture, "From an overall standpoint, I'm not sure as to whether or not casino gambling is a good thing for a community." I'm quoting from memory from that program aired on April 4 of this year.

Since I'm not representing an organization or any other special interest group, a bit of personal background may be helpful to this committee to assess any biases that I may bring with me.



I'm a lifelong resident of Ontario except for four months of study in France and Switzerland. My doctorate was earned for research on Canadian intellectual and social history in the 20th century, but I'm only an educated layman, one might say, when it comes to criminology and the economics of gaming. I have taught at the college level and I now serve as the pastor of a Baptist congregation in this city. My church does not make use of bingos or raffle tickets or any other form of gaming to raise funds, so I do not bring an agenda from fear of economic loss. I'm married. I have three school-age children. I'm not a member of a political party, but I do vote faithfully, and I suppose I'm part of that swing group of voters who effectively determine the outcome of many elections.

**Mr Callahan:** Did you cause that the last time? Was it your fault?

**The Chair:** Please ignore that.

**Dr McKenzie:** I'm not going to be diverted from my material by that response, nor am I going to allow myself to be diverted by issues of talk concerning morality of casinos or of gambling in general. That issue, for better or worse, has been decided many years ago in this province. I would not be taking my time to rehash a non-live issue before you today. What has motivated me to do the research for this proposal and to clear my schedule to come here today can best be described as self-interest. I want to ensure that the quality of life in Windsor and any other city that might obtain a casino in the future, because I may well work and live in such a city in this province, will not deteriorate. Also, the optimistic—one might sometimes say it is overly optimistic—rhetoric of casino boosters concerning social costs suggest that I and other citizens of Windsor will end up paying the majority of the costs through increased property taxes unless Bill 8 is amended.

Now to the specifics. Each of these recommendations I present are different illustrations of the same thrust. I trust there are many better-skilled minds around this table on how to word such in legislation, and there may be different ways to actually implement it, but I trust that if the thrust of what I'm presenting rings a bell with you, you can refine it or have others refine it for legislation.

With that in mind, I'm not going to read through in detail all of these recommendations, but give you a flavour of where it's going.

Recommendation 1: Bill 8 should be amended to include a statement affirming the principle that casinos should pay the full social costs of their operations including policing, treatment for pathological gamblers, credit counselling etc.

At the very least, this principle should be explicitly stated in Bill 8, not just in arguments for or against the

bill in the House, perhaps in a preamble. Below I will argue that the specific measures to implement this principle should be written into the bill itself, but others may argue that it could be best handled in the form of ministry regulation. In either case, it should be emphasized that there needs to be an explicit statement in the bill of this principle. I think it's important not only to ease my fears but for the political process in which you are participants. It would help remove the suspicion that provincial governments, present or future, will attempt to pass on the majority of costs to municipalities. Public confidence in provincial politicians, and others as well, must not be undermined any further than it already has been.

**1340**

Recommendation 2: Bill 8 should be amended to mandate that treatment for gambling addicts should be paid for by the casino corporation through—and this is a suggestion—our existing OHIP system.

Gambling addiction treatment should be added to the OHIP schedule of billable services, if it's not already there. Doctors, psychiatrists and psychologists would then simply bill OHIP for treatment for those with pathological gambling problems. OHIP would then in turn bill the casino corporation. This arrangement would require no new administrative costs. It would ensure that treatment's available when needed; we don't have to wait to see what problem develops and two years later provide the services. It would come into place as soon as needed, and if there aren't any major needs, then we won't have wasted money setting up a structure for which there's no large need. So it works both ways: It saves money but it expands to meet the need if the need is really there.

The treatment practitioners would make the determination of whether specific cases are related to the casino, and they're going to need to know the background of the patient's gambling problem in the normal course of treatment so it's going to be no additional work for them. If need be, a dispute tribunal could be established if the casino corporation feels it's being overcharged, but I suspect that likely wouldn't be necessary.

This approach is superior to proposals I've read from other jurisdictions, where a fixed percentage of the gross winnings of a casino, and 1% or 2% are commonly suggested figures—I'm taking this from page 53 of a report to the lotteries commission in Alberta by Professor Garry Smith of the University of Alberta. Why should we allocate 2% if only half that is really needed? That will just incur most waste and fat in the system. On the other hand, what if 2.75% or 4.25% is what's really needed? There is no way to make an accurate prediction, and there's no need to waste time and money to do so when the OHIP route would provide a more responsive and cost-effective alternative.

I have a note on public education there; I think that's one of the most effective ways. I believe that every dollar of education for preventing the growth of addictive gambling would be better spent by a private organization such as the casino corporation, crown corporation though it is, because its incentive would be not to spend so much money for, one might say, public relations, but it's going to make sure that it gets every dollar of value from a dollar it spends. I note there that \$56,000 to treat each addict is the estimate from the Alberta study. I think if any corporation starts to get a bill for a few of those treatment costs, it will soon implement an effective educational program.

Recommendation 3: The bill should be amended to require casino corporations to pay the cost for welfare cases attributable to casino gambling.

Let me summarize here: The minister in her presentation yesterday made a commitment to review, not necessarily to help, but at least to review the costs in Windsor. But what about the costs in London, people coming from London? What about the costs of people coming from Sarnia, a few of whom may experience such difficulties with problem gambling that they end up on the welfare rolls of those communities? How would the government's request for proposal that I heard yesterday meet that? It would not. What needs to be is a much more direct, cost-effective approach, simply to have the social workers make note of which cases are related to the casino gambling operation in Windsor and then to have those municipalities given the right to submit an invoice for payment from the casino corporation.

Number 4 follows the same approach with credit counselling, and you'll note there that I argue we shouldn't give credit counselling agencies grants of more than they really need to do the job. Again, the direct billing as costs and services are provided is the most cost-effective route.

I want to focus on number 5, because this is the one that really has motivated me to get involved, the potential deterioration of services and atmosphere in Windsor, and relates to what I expect is the most costly aspect of my recommendations.

Number 5: Most importantly, Bill 8 must be amended to empower cities or police services boards to bill the casino corporation for increased policing costs due to the casino operations.

Here I urge the application of the same principle used for the preceding social costs: Base it not on forecasts, not on estimates, but on the basis of actual additional services that are needed. To apply this principle we must first determine what types of police services will qualify, and there are at least four approaches.

First, the minimalist approach: Only the number of police officers required to drive street crime one block

away from the casino's front door will be considered legitimate and thus reimbursed by the casino corporation.

This approach is so incredibly naïve that I would not have included it in my presentation except that I heard it implied in the minister's proposal yesterday. She announced that the province would be willing to cover the cost of 10 additional police officers in Windsor. Do you realize that there are 4.5 shifts in a police service week? That means if you allow for vacations and sick days, there will only be two additional officers on duty at one time. They're going to have a hard time keeping street crime away from the front door and the side door of the casino.

What will be the case for fender-bender car accidents? That doesn't show up in crime statistics, but police officers need to address that. Indeed, a member of my congregation made three calls to our city police department one night because she had rented an apartment formerly occupied by, apparently, a drug dealer, and his friends, not so friendly any longer, came knocking on the door with guns in their hands. Her husband was at work on the night shift. She called the police. The second time she called when they hadn't responded, they said: "Lady, it's slippery out there. We have our officers out investigating car accidents." That's what she was told. She has moved from that location to another location in the city.

I would hate to have that type of atmosphere develop in Windsor so that people move out of the city of Windsor to the lower tax-based areas surrounding, out in La Salle and other locations. This is significant and cannot be ignored.

It's ill-conceived government commitments, like the one I heard yesterday, that confirm my contention that the mechanisms for billing of social costs must be explicitly written into Bill 8. As of yesterday, no resident of Windsor or any other future casino city in Ontario can trust its welfare to a minister who, after the months of consultation with the police that she claims to have had, can so naïvely believe that 10 police would be sufficient. But perhaps she has something else in mind with that statement, and that leads me to point two.

The second alternative is that there would be a negotiated approach in which city leaders will be forced to negotiate, ie, do battle, with provincial bureaucrats and politicians every year until eternity comes, negotiating what's the proper extra funding that would be required.

If the minister's statement yesterday was the province's opening position in the first annual bargaining round, it's clear this will be time-consuming and will generate much ill will. This committee will serve the province very well by amending Bill 8 so that yearly determinations of additional police funding will be



based on objective, measurable criteria and not incessant bickering between local and provincial officials.

Approach C is a better alternative, built around a formula based upon the increase in crime statistics. For instance, if the crime increases in Windsor after the opening of the casino by 20% but crime in other Ontario cities of about the same size, without casinos, increased by only 10%, then the casino corporation could be required to pay 10% of the total police budget in Windsor.

This solves a lot of the problems, but not all. It does not address the problem of crime, specifically the problem of the fear of crime, because for this mechanism to work the police have to do a little bit less than is actually needed to keep crime at the same level. If they keep it at the same level they get no extra money, so they will be underfunded. Crime just has to rise a few percentage points for that mechanism to work.

So I propose D. The best alternative would be to base reimbursement on the demand for police services; that is, for example, the number of calls the police are required to respond to. This would also address what I consider the more important issue of the increase of fear of crime. Many, including some police administrators, do not realize that controlling growth of the fear of crime is just as important as controlling actual crime for a city's social and economic health.

It's not crime, for example, but the fear of crime that has hurt businesses in downtown Atlantic City. It's not crime but it will be the fear of crime that will prevent families like mine from coming downtown to the beautiful waterfront parks or to frequent downtown businesses. Here again, I admit to my personal bias and self-interest. I enjoy the crime-free atmosphere of Windsor and almost every other city in this province of Ontario, and I wouldn't choose to live anywhere else in the world.

**1350**

But further, it would be increased fear of crime that would make the casino patrons hesitant to return to Windsor a second time. You see, Windsor is not Atlantic City. Atlantic City can allow the crime rate and the fear of crime to rise outside of the walls of the casinos because they are self-contained units. The proposal for Windsor explicitly rejects the self-contained concept. Patrons will need to travel outside even for food, for many who want food. The streets need to be safe for the casino to work.

Fear of crime, not crime statistics, must be the benchmark for determining what's the appropriate level of police staffing. If a police car arrives within two or three minutes of a call from a citizen or from a visitor to Windsor, then fear of crime will not rise. There will not be stories of increased crime in the Windsor Star or other papers. This should be the goal.

It would also provide an effective and highly respon-

sive measuring mechanism. Police staffing could be increased or decreased—because it may not always grow—on a quarterly basis, perhaps, based on the number of calls received. The police services board would then simply bill the casino corporation for the additional calls above the pre-casino level, and of course the pre-casino level would be rated based on the experience of growth of calls in other similar-sized cities in Ontario.

Police funding based on calls for service is the best approach. It's unambiguous, so there won't be need for acrimonious debate between different levels of government, it's what the downtown businesses will need for their hoped-for economic revival, it's what the casino itself will need and it's what is fair to the citizens of Windsor. It is this and much more, but the committee should be aware that it may well be quite costly, and here I'm only going to speculate in this next. I'm not an expert in this area. I'm taking the best figures to make a ballpark guess.

I'm going to use Atlantic City because the consultant's report cited Atlantic City as being the closest parallel for the economic benefits that may come to Windsor, so I'm going to use its figures for the growth in crime as well. The number of calls—not actual crime, but the number of calls—police were required to respond to increased by 2,000%. That's 20 times; that's not a misprint. It's taken from the Report of Attorney General Robert Abrams in New York State, 1980. This figure we should reduce by five sixths because we're only going to have one casino and Atlantic City had three casinos operating within its first three years, the years of that study. So we're down to a 333% increase, but I think that could be reduced as well by another one sixth because Windsor is about six times the size of Atlantic City. So to be fair in our rough estimate, we're down to 55% more police calls with the casino in operation.

Much of this demand for increased police will not be actual crime but fender-bender car accidents, the sightings of suspicious people etc, but it'll be real in the sense that it'll consume police time. The real police cost will be measured not in millions but it may well be in tens of millions.

If the province is really serious about paying the cost of additional policing, Bill 8 should be amended to empower municipalities, Windsor and any others that may develop, to invoice the Ontario Casino Corp for the costs of responding to additional calls. For the province to attempt to pay less would simply be a manoeuvre to increase provincial revenues while leaving cities like Windsor with the choice we will have of bearing huge increases in police costs to control the fear of crime or of allowing much of the downtown core and its businesses to begin the downward spiral caused by increased fear of crime.

In my conclusion I note that it may well be that when all social costs are added up there wouldn't be much profit left for the government. I don't know; it may be that this committee may decide that the bill should be tabled until further studies are made, or it may be that this committee will decide that things are so pressing, both for the economic state of Windsor and other border communities and also for the provincial deficit, that we must move ahead and, one might say, take our chances that the costs will not consume all of the revenues.

In either case, I would urge this committee to adopt some type of approach that I have outlined here, something similar, so that if my fears are unfounded, it will not cost the province an extra cent. I am not saying fund our police here with 40 or 60 extra staff members, I'm not saying that, because we might not need them; my fears might not be founded. But if my fears are founded, there would be an effective safety net, and if my fears are unfounded, it won't cost the province anything.

I urge you to give careful consideration to this approach in your deliberations.

**The Chair:** Thank you, Dr McKenzie. We have about two and a half minutes per caucus.

**Mr Eves:** Thank you for your presentation. I guess you are really saying what some of us in the Legislature have been asking the minister on several occasions, perhaps not in as direct a manner as you have done. There is no doubt that I think a lot of people misinterpret the fact when people question whether all the aspects of casino gambling have been covered. They just automatically assume that you're against casino gambling or they assume that you're against a casino in the city of Windsor, and that is not the case, as we have stated over and over again.

However, if the government is going to embark upon casino gambling in the province of Ontario, I think it is its responsibility to cover societal costs that it creates. The most obvious one, of course, is increased policing costs. We had the chief here this morning. I don't know if you were present for his presentation or not.

**Dr McKenzie:** No, I wasn't able to be here.

**Mr Eves:** He almost echoed exactly what you said, that a complement of 10 really means that he has two active officers on duty at any one particular point in time. We heard from another witness this morning, an individual, that there are two police officers on the front door of a casino to make sure that underage people don't get in. There go his two extra complement right there, just to watch the front door for underage or minors.

There is no full-time gambling addiction treatment centre that I know of in the country of Canada, let alone the province of Ontario. I would think if the government is going to introduce casino gambling into this jurisdiction, it should agree to cover the costs of

such a facility. There will be, undoubtedly, an increase in welfare costs. I think that's a point well made.

As Mr Docherty said, I think appropriately so, just before lunch, we may as well meet these problems and the fallout of casino gambling head on. There will be some. I don't know if you had an opportunity to look at his brief either, but his and Dr Prince's number 6 recommendation is, "That the legislation provide for funding prevention programs and treatment of addictive behaviour and other social problems arising from this initiative," because there definitely will be them. Anybody who thinks to the contrary is really just deluding themselves. If we are going to proceed with this initiative in this jurisdiction, I think we should do it in a very thoughtful manner. I think we should plan and have these programs in order before we introduce this upon the populace of the province of Ontario.

We have asked the minister several times, perhaps not in societal costs but in strictly dollars and cents. I believe there will be fallout to charitable organizations in the province and in particular probably the Windsor area. I have asked the minister if she's going to incorporate in the legislation reimbursement to these charitable organizations. Her direct response has been, "No, absolutely not."

I've asked her if she will reimburse the horse racing industry in the province of Ontario, which currently employs about 50,000 people, and I believe some 500 people at the Windsor Raceway alone, if in fact there is some direct fallout and effect on their industry. Her response, again, is no. I think we need that commitment. I think we need the commitment from the government, if we're going to proceed with this initiative, that these costs will be covered, in particular the societal costs, because I think your point is extremely well taken.

If the government is accurate and there won't be societal costs that you've estimated or I or other people have estimated, then what does it have to fear by building this into the legislation? That's the question I would ask.

1400

**The Chair:** Thank you, Mr Eves. That's your time. Mr Duignan.

**Mr Duignan:** Thank you for your presentation here this afternoon. In your presentation you alluded to the costs of problem gambling. This is not just going to happen because the casino is going to arrive in Windsor. This is a problem that already exists now and in fact has been a problem that has been ignored by previous governments over many years.

I'm just wondering, why should the casino bear the full cost of these programs? Why should not, for example, the lottery corporation and the racing industry pay also part of the cost of dealing with this problem? I would like your comments on that.



**Dr McKenzie:** I agree with you, but I would also say that you need to start someplace and this legislation is before you, it's a place where you can start. You can limit it. I believe in my comments here I refer to just the problem gamblers, only those who are related to the Windsor casino. You might not even broaden it to other casinos in other jurisdictions. So if someone goes to Las Vegas and that results in problems, that wouldn't be covered. It wouldn't be passed on through OHIP to the casino corporation. OHIP may choose to pay it, but it wouldn't be passing it on.

So I think it should be somehow measured, and in that way if the casino ends up paying for problems that it has as its byproduct, not its goal, it will have the motivation economically speaking to conduct effective preventive educational programs, and that's what I'd like to see built in through the building system. If they had to pay for lottery problem gamblers, there wouldn't be the same built-in initiative for them. They should pay for their own. You should start where you can make the first small step with this legislation.

**Mr Duignan:** You can be assured that this is a problem the government has taken seriously, and very shortly there will be a series of recommendations going to cabinet to deal with this problem and hopefully it will be developed along side by side.

But you also raise the issue of police costs. The minister has given a very clear commitment of whatever it takes to have the necessary police forces to police the casino project.

**Dr McKenzie:** I haven't heard her say whether it's whatever it takes to keep crime one block away, or is it whatever it takes to correspond to the increase in actual crime, or is it whatever it takes to handle increased fear of crime? Because in Atlantic City actual crime only went up 171%; it's what the papers did with that crime that increased the fear of crime, and that fear of crime then in turn made the citizenry uneasy so that they made more calls, one might say unnecessary calls. But they were real calls. It was related to the fear of crime, and the downtown core of that city was not revitalized. It entered a spiral that's continuing down.

**Mr Callahan:** I do have a major concern about the question of addiction from gambling, and it's particularly significant—again, I hope my colleagues in the government won't think I'm saying this in a political way, but—

**Mr Duignan:** Of course not.

**Mr Callahan:** You're eating into my time—in that the government just brought forward, I think it's Bill 90, if I recall correctly, where it limits the number of times you can see a particular type of professional. Now if a person has a very serious problem with addiction, be it alcohol, drugs or whatever, that causes me concern because that means that these people—where are they

going to get that help? OHIP does not pay for psychologists. We send kids with learning disabilities to psychiatrists because the parents can't afford a psychologist. The whole thing's totally out of whack.

Finally, casinos are set up to keep people in there gambling. If anybody's been to a casino—psychologists could make a fortune in creating these things. The slot machines have got a little bell that goes off. It's based on the Pavlov's dog theory that after a while you don't care if you win any money; you just want to hear the bell ring. Believe me, if you took a survey of people in these casinos, you would find that's all they're there for. They don't give a damn if anything comes out of the slot.

If you want to get change and you're in a hotel, you can't even get change at the hotel wicket; you have to go over to the casino cage and on the way back they give you a few silver dollars that they know you will plop into the machine.

Did you ever notice why casinos are all built in a horseshoe and why the windows are painted black? That's to keep you in there. No clocks. Have you ever seen a clock in a casino? Never. You have to go outside to find a clock. The reason for that is that all of this is to create the aura that you're sort of on a magic carpet. Adult Disneyland is what it is.

They don't want to let you realize that what is happening to you is really addictive. I've seen women and men in there pulling two machines at a time, not even having enough time to put the quarters in. If those people are not addicted to something and compulsive, I've got a problem. But the people who really get addicted to it and who are going to eat up the welfare cheques and eat up their paycheques, they're the people we have to look after. I think in one report they said 2% of the population; I think it's more than that. I've read reports where it's up to 5% of the population are compulsive gamblers.

**The Chair:** Regretfully, Mr Callahan, your time has expired.

**Mr Callahan:** Okay. You know I like your idea that the government has a commitment. If it's going to put the slots out there and collect the money, it better damn well pay for the fallout and flotsam and jetsam of that.

**The Chair:** Dr McKenzie, thank you very much for presenting before the committee today.

**Dr McKenzie:** Thank you, Mr Chairman, and thank you, members of the committee.

FREEDS OF WINDSOR

**The Chair:** The next presenter today is Alan Orman, a partner, it says, representing Freed's of Windsor and Ottawa Street merchants. Welcome, Mr Orman. You have 30 minutes, and we have your brief before us. Please go ahead.

**Mr Alan Orman:** My presentation won't be quite that long.

**The Chair:** You can expect some questions then, I'm sure.

**Mr Orman:** First of all, I want to thank the committee for inviting us to speak before you today. My name is Alan Orman. I'm a co-owner of Freeds of Windsor, which is primarily a men's operation, with some ladies', in the middle of our city on Ottawa Street. Today I'm speaking to you on behalf of not only our operation but the Ottawa Street merchants as well.

When appraising any situation, we always employ the good news-bad news method. Casino gambling certainly qualifies. We at Freeds are certainly very excited about the impact casino gambling will have on the Windsor and its area communities.

We all realize that until improvements and adjustments are made, we will be subject to inconveniences, such problems as traffic and what was just mentioned before, crime. We acknowledge that those things are going to happen, but we also feel that progress has its price. We do feel that the positive economic benefits clearly and greatly outweigh the social uncertainties that may also result from this venture.

Both Freeds and all of the Ottawa Street merchants feel that casino gambling opens many avenues of opportunity. The thousands of permanent and diversified jobs that the casino itself will create means greater potential of retail sales, which is our major interest of course. As a result of this stimulus, Freeds has embarked on a major expansion, it's going on right now, to be completed in mid-October, against virtually all common sense it seems, which will add virtually two thirds more selling space to our present 35,000-square-foot store. We will be expanding our men's and ladies' presentation, providing a very comprehensive and competitive selection on men's and ladies' fashion clothing. That's where the commercial ends.

The casino project has given us the confidence to invest over \$2 million incrementally in our operation. This of course means more permanent jobs in our store—part-time jobs, I might add, as well—in addition to the temporary construction employment created.

Even though the economic climate continues to be weak in the retail sector, we feel that our new presentation will posture us to take advantage of the increase of activity created by the casino gambling. We are encouraging the merchants of Ottawa Street to follow our lead in making sure that they too will be ready for this new situation. We know it will not be easy.

Surveys have concluded that gamblers by nature are difficult to attract to retail sales. It will offer us great challenges to try and tap this resource. We are looking at convenience, product selection, quality and service along with our current aggressive style of value-driven

retailing to maximize the potential of both our store and of the stores on Ottawa Street.

**1410**

Having said all this, we cannot accomplish this without the Ontario government's help. If we are to truly maximize the great potential, we must ask you to examine your policies so that we all are headed in a uniform, cohesive and positive program which will create the greatest potential success.

As business people, we feel there are some very important issues to be examined and hopefully, with your consideration, altered. It's felt that the lion's share of the new influx of people into our community will be Americans. We must posture ourselves to be attractive or they will not buy commodities if they feel they can do better at home.

The elimination in the last provincial budget of retail sales tax rebate to visitors—foreign visitors, I might add—is a policy that is, in our view, shortsighted. If a customer perceives value, he or she will buy. Burden them with excess taxes and that perceived value vanishes. If we're going to take advantage of additional foreign trade, let's make shopping in Windsor an accommodation, not an interference.

We strongly recommend that the reimbursement of retail sales tax to foreign shoppers be reinstated—the rebate. The federal goods and service tax is rebated; so should the provincial sales tax be.

Furthermore—and this a very hot potato with most of the retailers, I might add—integrating provincial sales tax at the border for returning Canadians could lessen cross-border shopping. I think the traffic is going to lessen a certain amount of Canadians going back and forth as well. But we're determined to encourage you to create, as we said here, a level playing field.

The people who shop in Windsor and come into our store have to pay provincial sales tax. The cross-border shopper does not have to pay the present sales tax. I heard that there is some kind of a moral obligation, but generally they do not have to pay. I don't think that is fair. Canadians would be more likely to buy at home. In addition, this revenue source will help offset tax revenues that I know you people need desperately, lost via rebates to visitors.

Businesses will grow, jobs will be created, more long-run and secure taxation sources will develop, a situation that we believe will have a net positive impact on our community and throughout our province vis-à-vis the loss on relatively minor sales taxes collected from visitors.

In conclusion, this most exciting adventure can surely reach the lofty potential that we think it can if we create a team of business, labour and government coordinated in a well-thought-out plan which will achieve their high goals of success. I thank you for your patience and courtesy and I'd be pleased to answer any questions.



**The Chair:** Thank you very much, Mr Orman. Let me see. We have about 20 minutes, which is about seven minutes per caucus, and we're going to start with the New Democrats.

**Mr Lessard:** I want to thank you very much for your presentation, Mr Orman, and congratulate you for kind of defying the odds and expanding your business during the recession that we've experienced here in the city of Windsor. I know that your business has grown from a small store on Ottawa Street that's been there for how many years? I'm not sure if you mentioned that in your brief.

**Mr Orman:** I think it's 66, if I'm right—1929.

**Mr Lessard:** A long time anyway, and from a small store on Ottawa Street to the point where now you're going to be taking up almost an entire block.

**Mr Orman:** It is the entire block.

**Mr Lessard:** The entire block. So I want to wish you the very best of success in that business.

We heard from another one of your colleagues on Ottawa Street this morning, Mr Ordower, who also operates a store on Ottawa Street. One of the things I asked him was what sort of efforts the business improvement area on Ottawa Street contemplated in attracting tourists and people who may be attracted to visit the casino to come to the Ottawa Street shopping area. You might want to expand on that.

But something that you raised in your presentation about the provincial sales tax is certainly an interesting idea. I'm not sure whether it's something we can address specifically in Bill 8, however, that's dealing with the casino. It is something that I think is important for the government to consider.

One of the things the mayor mentioned in his presentation was the possibility of having, within Bill 8, the requirement that a community advisory board or committee be established so that there was that constant involvement from the business people in the city, from citizens and the government of Ontario, as we go through this process. I wonder if you've been involved in any way with the casino project team up until this point, or whether you thought that was a good idea.

**Mr Orman:** To answer a couple of your questions, first of all, going back about 10 years ago, I guess, maybe it's a little less than that, when the dollar had slipped to about 74, 73, 72 cents—it was getting very close to a 70-cent dollar—if you took a look at the city of Windsor, we had a very vital downtown area, and we who felt we were a little disadvantaged by being midtown—we weren't easy to get to; there weren't direct arteries to our store; our store is a relatively large store and I will tell you that better than 10% of our business, which is a significant sum of sales, suddenly became Detroiters or Detroit-area people—had a policy where we would absorb the duty.

The GST was not in place at the time but the provincial sales tax—we had a form that was provided by the government; they sent that form in and they got that back. So we could really say to the new visitors, or the visitors from the United States, primarily the Detroit area, "You can come in and shop virtually duty- and tax-free." One was on our book and the other one was, of course, the government rebate of the sales tax, the provincial government.

Now, the dollar slips back, or grows stronger I should say, to almost an 88-cent dollar and that flow ceased to exist. As a matter of fact, it was at that particular time that we were faced with that horrible thing that became a buzzword around here, cross-border shopping. We made our voice known and it wasn't very popular with cross-border shoppers, by the way. Cross-border shoppers were getting a terrific deal, and perhaps even with the fallen dollar today there's still a perception that they're getting a terrific deal on the American side.

But our problem was, why is a retail shopper in the city of Windsor forced to pay an 8% sales tax and not somebody who shops in Detroit? We couldn't understand the fair-play value in this thing. We're all supposed to be equal citizens and for the life of me, in talking to business people, politicians, local politicians, I couldn't find one person being able to explain this away.

Now, with the latest budget—and I recognize that dollars are short—the, in our opinion, ill-conceived withdrawal of a provincial sales tax rebate is just going to shut off American traffic even more. Everyone says, or I think it was stated by the government and maybe by Mr Rae himself, that we can't afford to rebate that tax any more. I think that's small potatoes by the revenues that are going to be lost by Detroiters who will be totally discouraged—I should say Americans, but Detroit-area primarily—to buy here.

If the GST is rebated by the federal government, we encourage whatever you can do to make sure that provincial sales tax is rebated again, because these people are Americans and they're going to look to buy. It's going to be tough enough to sell, by the way, and that's point number two I'd like to get to. It's going to be a tough enough sell to encourage gamblers to come out and buy retail merchandise.

1420

Sure, because the casino doesn't handle a whole lot of eating and drinking facilities, there's going to be a spillover on to the streets of downtown Windsor to pick up food product, drink product, whatever it may be. And by the way, rest assured that there is going to be a great deal of discouragement when those Americans fall into the particular eating and drinking establishments in the downtown core and find out that at the end of their bill there's a 15%—and maybe even more, depending on what they're drinking—taxation on it. Rest assured

that's not going to sit comfortably with the American who in his experience on the other side of the border is paying only 4%. I don't care what kind of exchange on the dollar you get; they perceive in their own mind when they see tax, tax, tax, tax, tax, a level of discouragement, and the potential that will be created for the downtown core I think will be extremely disappointing.

We've got to face these situations. You've got to make it accommodating. It's like entertaining at your own home. You make sure that you do it with a full hand so your guests feel comfortable. This is primarily for guests. I recognize that Windsor people and Canadian people will be participating in the gambling situation here, I realize that, but the biggest influx of additional people is going to be coming from the United States. Take a look at it and make sure they feel comfortable. Excess taxing just won't do it.

Getting off of that for a moment, you were asking about what Ottawa Street and more specifically Freed's are going to do in terms of trying to capture what is a tough sell. It's a good question, and most of what we've been talking about right now is, without the stimulus of the actual casino being there itself, an examination of what the new flow of traffic will really represent. But I do feel that there are potentials there, and we at Freed's are taking a look at a number of things.

Having built this very big unit in the centre of town, approximately two miles away from the centre of action, it's going to be very tough, but we're going to try to find ways—and maybe the Ottawa Street merchants will follow in our path—of putting something into the hand of virtually every gambler. That may be difficult. Certainly the ones staying at hotels and so on and so forth, if there is a hospitality packet, we hope to be a part of that.

We're taking a look at one, two or whatever it takes in terms of shuttle mini-buses, with our logo on them, that may do a continual loop into the downtown core with accommodating, no-charge transportation back and forth to our store. We're looking at that. We think we are big enough that we can probably capture some of the attention—we certainly will be big enough with our new venture—of potential clothing buyers, visitors, gamblers, if you will.

These are just a few things that we've talked about, Wayne, and I know that we're going to let our imagination go. We have the resources to try a lot of things and we will do everything we can to ensure the success of our operation. That's what we are going to do.

**Mr Kwinter:** Mr Orman, thank you very much. I think you brought a sense of reason to the discussion. I'd like to pursue a couple of areas with you, because I have no problems with casinos; none whatsoever. I do have problems—and I have been doing this since day one, since I've been here—with the perception that suddenly this is going to create a lot of spinoffs that I

don't think are going to happen. I just want to pursue this because I think you make some very good points.

If you were the city of Winnipeg, which is relatively isolated, and suddenly you were the only game in town and you had a casino, you would suddenly bring in, from wherever, people who want to gamble. They'd come up and you'd have a new market that you could then try to sell your goods and services to.

We have a situation in Windsor where you are across the street literally, if you look at the river as being a street—and when you're here and you look out and you see the buildings, it's across the street—you have a market that has been there for the longest time, that is at least 10 times—I'm talking about Detroit alone, but the greater Detroit area is probably 20 or 30 times what the market is in Windsor, and you have been here and for some reason or other the traffic goes the other way. In other words, the people who are there do not perceive the purchases in Windsor as being a deal. You said in your own words the Canadians are going across because they think it's a great deal. It doesn't matter what the exchange rate is; they think it's a great deal.

So the deal isn't perceived to be there coming the other way; otherwise you don't need a casino to attract those people. The word of mouth would get out, "If you want to get a deal, go across the bridge and buy your stuff in Canada." They're not doing it and we heard all sorts of people saying stores are closing. There's dozens and dozens of stores that have shut down.

So my question is, what is going to change to suddenly make it a deal and why would anyone come here and go to Ottawa Street to buy something, where they can go right now if they live in Detroit and they think it's a deal, number one?

I think your point about the GST and the PST, the 15% that's added on, is terribly discouraging to anybody. They look at a menu, they think that's the price. They get the bill and they say, "Wow, how did that happen?" Because this has been added on. I think the word is going to get out about that and people will say: "Forget it. It's quite expensive." You know, if you've gone to restaurants in the States, for whatever reason, the prices are cheaper, the quantities are bigger. There's a perception that you get a better deal there than here.

So my major concern is this. You are literally in the market. You're across the street from a huge market, and you have been all along, and it hasn't worked. Now that the casino is going to be there, what is going to change, other than—and I acknowledge your accommodation will certainly improve. People are going to have to stay here if they come for more than one day. Your restaurants and bars will improve, because they have to eat, and under the provisions of Bill 8, there's going to be only limited availability of those facilities. But what is going to make it any better for anyone to buy anything other than that that they can't do now?



**Mr Orman:** We did it in 1982-83 when the dollar was soft. We did it with a store that will not be anywhere near the size that it will be once the casino opens, because our planned opening, as I mentioned in my remarks, is the middle of October. You do it with service, you do it with selection, you do it with value. You give them a full—and I mean a full, not over—exchange on their dollar, because if you do over, they're perceiving that you're building it in somewhere anyway, so you've got to be very careful of that. You take an aggressive approach. We were able to be successful back when the dollar had slipped to its lower levels in the early 1980s.

We're excited primarily by the 2,000 to 3,000 to 4,000 jobs that Windsorites will enjoy as a new insertion of employment opportunity. Those people, we think, we have a good change of capturing. That's not the tourist.

As I mentioned also, I think the tourist is going to be a very, very tough sell, but we're confident that once we get them into our operation with our particular way of doing business—and we've been doing business now since 1929. It was established by my father-in-law back in those days. He's still alive but certainly not active at this moment. That is, the customer is treated in a fashion that he will only want to shop there.

I will tell you that although our volume in the Detroit and vicinity area had dropped from the 10% that I mentioned down to maybe 1% or 2%, there are to this day, even with a more favourable thing over there, a group of loyal customers who have come back to us because they like the way we handle them, they like the way we service them, and we feel that we can do that.

But to capture the average gambler is a challenge that I have no answer for. I don't have the experience. Sure, I've been to Las Vegas and I've been to Atlantic City and I see what they're doing. Every time I go to Las Vegas, which is the Mecca, and you start to go to the outlying shopping centres, there's no one there. The gamblers are gambling and it's going to be a very, very tough thing to do. But there are a lot of gamblers who will come in from out of town who will be accompanied by a wife who doesn't like gambling, and she's got to be doing something. While her husband, or vice versa, is doing his thing at the tables, she's going to venture out into the community, and that community had better be postured.

The downtown core—and we were extremely excited that the art institute was chosen—does have an opportunity, but it's going to have to be there. They're going to have to accommodate a different hour structure. It's going to take more of an effort. It's going to be a very tough road, I might add. But if you do it with good service and good product and good value, you can do it. We've proven that it can be done. Detroit's been there all along, even in the early 1980s, and we did very well in spite of that.

1430

**Mr Carr:** You said you were going to expand, which, as Wayne said, is great during these tough times. But it isn't because of the casino that you had plans to expand, I take it?

**Mr Orman:** To be very candid with you, what happened was that a piece of property that was going along Ottawa Street, which was at one time an A&P and then a Bargain Harold's that didn't quite make it, became available to us and we bought it. But our eyes were always looking to kind of spreading out what we've done. We've become extremely tight. We wanted to make a better presentation. Plus, the fastest-growing part of our business, the ladies' department, if you will, was really kind of dead-ended as far as space available. So we were going to do something anyway. What we were going to do was initially take half the building, then we decided to take three quarters of the building and then we decided it was in our best interests to go right to the end of the block because of accommodation of parking and so on and so forth.

We're scared like heck. We are not doing this like we did our expansion in 1984. In 1984 we came off of the 1980 recession, we were gung-ho, we were going strong, we couldn't handle the traffic that we had and away we went. That is not the case this time, and to be very honest with you, many of the barriers that have been put in front of us, and there have been—this is not the best-feeling expansion we ever had. But we're going ahead anyway, because we've got confidence in our community, we've got a good, solid organization which is now into its third generation of ownership—my son and my nephew are taking over the position of my partner and myself—and we really and truly feel that that young team can take this thing to its greatest potential.

**Mr Carr:** What do you see in terms of your specific operation, the increased revenue? Would you be able to judge and say—

**Mr Orman:** I have no idea. I can tell you this, that our comptroller came to us and said, "If you do absolutely nothing else, and forgetting the cost of putting this building up and the potential benefit of that investment, if you do nothing else, it's going to cost us \$350,000 a year just to stay even." So we'd better have an increase or we're going to be a bunch of sorry little puppies over there on Ottawa Street.

On the other hand, we're not going to leave it alone. Rest assured, as has been our style right along, we'll give it every shot we've got.

**Mr Carr:** There are going to be, as I see it, some problems. As you know, the restaurant association said it wants to have assurances that people who go to the casinos will be able to get out and go to the restaurants and the cabs. There's also the feeling, and my fear is—and not being a gambler and not know it—that the first time some of the Americans come across and say, "Boy,

I'd like to go to the restaurant," "Oh, there isn't one in here," they're going to be shocked and say, "Who the heck organized this?" As Bob alluded to a little bit earlier there, they like to have the one-stop shopping and go to lunch and gamble as they go along on the slot machines.

So I don't know how much thought has been given in terms of the consumer, the person who's actually going to do the gambling. Maybe there are lots, like you said, who will come up and have a wife who doesn't gamble and wants to do go shopping and so on. I asked the ministry officials yesterday how much they expected them to spend and they said they'll usually buy one meal and one drink. So that may be in the casino, it may be out; not a tremendous amount of money.

With 9,000-odd people coming across the border daily—and I think that may be high, but let's assume they're right—how much of that do you think will go to the retail sector, where people will buy shoes and so on? You must have some idea of flows of traffic and people. If 9,000 new people are coming across, do you have any guess how much that will translate into retail sales here for the merchants in Windsor?

**Mr Orman:** Gary, I have absolutely no idea. I'd like to have a crystal ball and see how some of these people react, but I really can't give you an answer. I can only tell you that if I was a downtown merchant today—if you are aware, and I'm sure that all of you are aware, our downtown has taken a tremendous beating since that dollar got strong. All you've got to do is take a look at the empty stores and some of the stores that have taken over look very temporary and not with a lot of forethought and not with a lot of investment and not with a lot of excitement.

The downtown merchants, some of whom are very good friends of ours, hopefully will take some kind of a positive nature in reinvesting in their operations so that they can be attractive. But it's not going to be easy; I agree with you. These people are gamblers, and not only that, but the type of casino I'm told this is going to be is not a Las Vegas-type casino. I recognize there are federal laws that do not allow a dice game to take place in the casino. I hope they repeal that because I think that's antiquated, especially with what we're going through in this city. If you can have a dozen establishments where people get disrobed right from head to toe and walk in front of you, I can't believe that a dice game is any worse, okay?

Having said that, the dice game really and truly attracts your best gambler, because the odds are really more favourable to the gambler than in the other types of gaming, and hopefully this casino will be eventually joined, maybe by the time the permanent gets involved.

**The Chair:** Mr Orman, I have to stop you there and I want to thank you for making your presentation before the committee.

**Mr Orman:** My pleasure. Thank you very much.

MARK BUCKNER

**The Chair:** The next presenter we have today is Mark Buckner, a board member from the Citizens Environmental Alliance, if you'd like to come forward, please. You have 30 minutes within which you can make your presentation. You can use all of that time to make a presentation or you can use part of that time and have some questions asked of you.

**Mr Mark Buckner:** I'll try and keep it as brief as possible and allow you to ask questions.

**The Chair:** Please go ahead.

**Mr Buckner:** I'm a board member of the Citizens Environmental Alliance, which is a membership environment group looking at a broad range of environmental issues. I can't claim to be speaking for the organization, because we only heard about these hearings last week, and with summer and everything we weren't going to be able to organize a full meeting. But I can assure you that a lot of my views have been discussed extensively among our members and are shared by most of them.

The other hat, or perhaps I should say helmet, that I wear is as the chairperson of the Windsor Bicycling Committee, and you ask, "What does that have to do with casinos?" Well, I always manage to get a word in about bicycles, as Wayne well knows, and I will at the end.

Anyhow, I'll start off by saying that our organization is not going to come out in opposition to gambling, which is not to say that we are in wholehearted support of it. I think the views of the people of Windsor are basically, too, that it's coming, that it's basically here. We sort of have to deal with it and the main thing now is to make sure that the costs are outweighed by the benefits, that we make sure we deal with all the possible problems and costs to us here in the city of Windsor and the province of Ontario.

Dr McKenzie dealt with a lot of the social costs, so I'll try and deal with some of the environmental things and the things that are going to happen to our downtown area, to our city, in terms of planning and how our city looks, which is all related to the environment.

This is an issue that's never been voted on or brought up in any election. It wasn't a municipal issue; it wasn't a provincial issue. If somebody would have told me when I lent my support to the governing party that it was going to support gambling, I would have said, "No, they're a socialist party and gambling is not what my view of social democracy is." Let's face it, people gamble in order to make the big score, to get rich quick. Gambling implies winners and losers. So if you're going to win, everybody else is going to lose. That's fine. We all understand that and there's lots of money to be made in gambling.



But in terms of building a community, it takes a lot more than that. It takes people willing to work together, to work hard to deal with the problems of the community, to invest time, to believe in their community, to work to make it work. I think gambling is being looked at as a real quick fix that's going to solve all the problems. Even though we've been cautioned against that, and I know the government has said that, I still hear too many people and too many shopkeepers saying, "We're just hanging on until we get gambling," as if that's going to solve everything.

I think that's an attitude that really has to be dealt with, that we still have to do the hard work to build this community and make sure our community is built along the lines that we in Windsor want it, that gambling is going to become a part of it, but that we have to make sure it provides a benefit.

**Mr Callahan:** You want to be the dog rather than the tail.

**Mr Buckner:** Right. I'm going to necessarily speak about a number of local issues here in Windsor which don't directly deal with Bill 8, but there really hasn't been any public forum in order to deal with these issues, and let's face it, it is coming. It's a fait accompli. The tenders are out, the proposal call is out for the permanent casino, so where do we in the public and in advocacy organizations get to have our say?

I believe—it seems to be anyhow—that there's a perception that a lot of the normal planning processes and the normal things that would go on in a development of this type, if they have not been circumvented, have definitely been fast-tracked so that we have not had the input. I think there's a lot more feeling out there among the people of Windsor that they're really uneasy about a lot of things that are happening here, but nobody wants to speak out and say, "We're against gambling." That's not the point.

1440

I'll read a little editorial from the Detroit News and Free Press. The Windsor Star often reprints editorials such as these on gambling under the "What Was Said" column. They missed this one, but I'm not going to bash the Windsor Star today. This was on Christmas day so they missed it."

**Mr Lessard:** You never do that anyway.

**Mr Buckner:** I never bash the Windsor Star, no.

They say:

"Let us take this opportunity to point out again that gambling has limited usefulness as an engine to drive the local economy. It is an extra tax on the poor.

"As the lines at the lottery outlets in the inner city will attest, it seldom brings the thousands of jobs that promoters promise. When casinos do succeed, as in Atlantic City, they may alter the landscape in a way residents live to regret."

Be that as it may, they go on and talk about all the cities that are vying to get gambling, including Detroit, and at the time they were referring to Port Huron, Michigan. They say:

"When Port Huron and Chicago and Windsor and Memphis and Toronto and Detroit and New Orleans and Cincinnati and every old mining town in Colorado and every depressed hamlet on the Mississippi River all have casinos, what then? What one will the tourists and conventions pick?

"The winners, then as now, will be cities perceived to be safe and pleasant and possessed of other attractions, whether it be a user-friendly river front, charming historic neighbourhoods or viable retail and entertainment districts.

"With gambling or without it, the cities that pay attention to the basics will still be the most desirable locations for their own residents as well as the tourists, and you can bet on that."

I think that's a very important point. One thing they say is that the cities that pay attention to the basics will be the most desirable for the residents as well as the tourists. One thing that I've noticed in the city of Windsor is that there's been a constant brain drain, if you will. An awful lot of people, my friends, generations of my friends who are involved in the arts, in design, in science, in a lot of areas like that don't find careers in Windsor; they have to leave this town. It's very hard to build a viable town when generations of your sons and daughters have to move away to have a career.

The casino is going to bring lots of jobs but those aren't careers. I would put it to you that I don't believe the majority of those jobs in the casino are careers; they're jobs. I also think there's a very high turnover rate in those jobs, but for the people who have them that's good. It's better than no job at all, that's definitely true, but we have to do more. We can't count on the casino to just—it's not going to create the careers that are going to make a viable city.

The types of jobs they are, I put to you, working in a casino, lend that cynical mentality and I hate to say it, "There's a sucker born every minute." You're there watching all these people cranking the machines, hoping against hope that they're a big winner. Working there doesn't exactly give you that optimistic, positive outlook.

Hopefully, this won't be true. Hopefully, those people will get involved in the community and in the community organizations and will help to build Windsor and make it a place to live. Obviously, a large number of them will, but I think the casino industry will attract a number of people who also are just there. They get the job looking for the quick buck, looking to seek their fortune there.

That leads directly to the question of crime, which has been touched on a lot. There are opportunities for crime in a lot of places in the casino, within the casino, employee crime. Hopefully, that will be dealt with by the OPP. There is obviously the problem of organized crime, and I think that's the spectre most people think about when they see crime. I'm not going to deny that there's organized crime out there ready to jump in here, organized prostitution. Hopefully, the OPP and the police have already got a handle on that.

Then there are the other crimes that happen when people take the opportunity at the gambling and all the money there to commit crimes, and crimes of poverty for people who lose their money gambling and become addicted. Those crimes are going to happen, and right now the debate seems to be hiring enough police to deal with that.

Even if the police could address everybody who commits a crime, a lot of those people aren't criminals now. What is happening is that we're creating this large opportunity for crime, and what's going to happen is that our neighbours, our friends, our sons and daughters will be committing some of these crimes, will fall into it because of this large opportunity. Well, okay, that happens in society but the point is, are we willingly going to go and invite this into our community and say that's okay if a certain percentage of our citizens become branded as criminals because this opportunity is put before them?

That, as I say, is part of the social cost as we outlined. I think Dr McKenzie outlined some of the things and we really need to look at that. It's not enough to just say, "We need enough police to arrest them." That's not solving the problem.

Beyond that, I said I was going to get into some of the environmental concerns. Directly from that, I think there are a number of things that will be happening that maybe aren't the job of the police. Maybe we need extra people to look at some of these other things.

One of the largest problems is traffic. People have talked about the order of 12,000 cars a day. If that's true or even a fraction of it, we have a huge problem with traffic. A lot of it is just being looked at in questions of parking, which is a large problem in itself. But we in the environmental community know that automobiles are the number one cause of air pollution. Having all those cars come into our downtown, which already has poor air quality, is going to add to that pollution.

That is largely a provincial responsibility to monitor and enforce those air standards, and as we know from our work, it's very lax, there's very little being done. With the social contract and cutbacks, there's going to be even less. The casino is going to be directly attracting this many more cars, auto traffic. That needs to be looked at.

We've heard that a large number of the gamblers are going to come on buses. That gives us the spectre of all these diesel buses sitting there with their engines running all day, which they tend to do for no good reason. Diesel engines don't need to be left running; they can start back up. In the air quality study that's now going on in Windsor, we're hoping to get an anti-idling bylaw so that these buses won't be left running all day polluting the air.

However, is that really the job of the police, to go out and hand out these tickets to these buses? There will be a big—what's the word?—push for them not to ticket these buses because we're inviting these guests to our city and the bus companies won't want to be ticketed for that. I submit that also should be a responsibility of the province, of the Ministry of Environment and Energy, to look at those kinds of things, to make sure that our standards aren't violated.

Beyond that, there's a larger question of traffic, of all these cars and what it does to your downtown. There's been the Sewell commission report, the Crombie report, a number of things looking at new planning. That's actually the title of the Sewell commission report, *New Planning for Ontario*. We're really coming to the conclusion that the old automobile-centred city is not the way to go, that we have to look at different ways of organizing our downtowns. "Reintensifying" the downtown is the buzzword.

I'll read you something from the city of Windsor official plan, the transportation section update, which was done in 1992. I was part of that process. "The city's transportation goals are stated as follows...(2) to promote the use of more environmentally friendly and energy-efficient modes of transportation, such as public transit, bicycling and walking."

As far as I can see, the casino is not going to do any of that; it's basically going to be dependent on cars and buses.

**Mr Callahan:** If you stay long enough, you might have to walk.

**Mr Buckner:** Yeah, well, okay. They're talking about shuttle buses to get people to the hotel.

Our transit system in Windsor is in a state of crisis, and it's in that dangerous downward cycle where they have to cut services, which means less riders; less riders means less revenue, less services. The province has a big stake in transit. Something needs to be done about that. To put this large a project in downtown Windsor with virtually no transit to serve it just is a crime in these days when we should be looking at getting away from that whole thing.

But beyond that, all the people who work there, I think we can really do a lot to encourage them to not drive and further clutter up the downtown with more cars if we look at transit, if we look at bicycling,



walking, other ways for them to get to work. Here's the plug for bicycles.

One of the other things the city has said is, "The city will include commuter bicycle facilities as part of all downtown civic building projects and will require similar facilities to be included as part of other major downtown institutional, governmental, office and commercial building projects."

The province has also come out in its green plan and said the same thing, that it is going to be looking at providing facilities such as bike racks for bicycles, showers for people who ride to work or jog on their lunch-hours, things like that to encourage people to use alternative forms of transport.

There's also the plan for our riverfront park, where the tracks used to be along the river, including a bike path, jogging paths and all that. That will be right at the front door of where the casino is planned, so hopefully that will be tied in, which leads me to another point.

As I said, I feel that a lot of the normal processes we go through in the city in approving developments of this size have sort of been circumvented here. Correct me if I'm wrong; I would love to be corrected: We are still going to have opportunities down the road to look at this development. But it seems to me the decision is being made by the province, and it seems to me a lot of local control is being taken away here.

We've heard snippets of what is in some of the casino proposals. Some of them have apparently offered to pay for the riverfront park in some part, design of the building. All these things are all tied up in the proposals. If a proposal is chosen, the final one, and all that is in there, that leaves us very little avenue to offer alternatives in terms of the shape and size of the building, the traffic—planning issues.

1450

I'll give you an example. In a Detroit Free Press editorial they mention historic neighbourhoods. Windsor has been very efficient at bulldozing our historic buildings, but there's one very good example, and it's called the Essex Building and before that it was the Ferry Seed Building which sits at the corner of Mercer and Riverside.

Last year, it was completely renovated and redone by a German firm, I believe, who owns it. At any rate, it was done completely with private capital; no public dollars were used in that. In the midst of a recession, this building was saved, renovated. To me it should be great cause for civic celebration that we've saved one of these historic buildings. I have to tell you that this building is sitting right where the casino is planned to go.

I've heard nothing anywhere about anybody talking about saving this building. I see it that I think it could be easy for some architect to design, to save that

building, put it in the corner of the casino, use that building as a way to design the casino so it would reflect some of the historic character.

I don't know. Do we, the citizens of Windsor, have any opportunity to say that, to get in on the development? Or once the province has decided what the casino is going to look like, that's it; we're going to bulldoze that historic building. We're going to pay way too much for it because they just renovated it, and we're going to have a big, ugly, windowless, white building there. That's my fear.

Of course, if I lead the movement to save that historic building, I will be branded as anti-gambling and anti-business and the one who caused the casino to stay in the art gallery for ever, but I'm not going to get into that issue.

Leading into that also is, in the whole process of looking at this waterfront park, which is going to replace the railway tracks which have been there for years, this process went on and on and it was very hard. There was no real consensus reached. However, we finally came up with a plan that most people could swallow. I think there was one thing that a majority of people agreed on. No one spoke in favour of allowing any car parking at all on this river front. We saw it as a park, as a place free from cars, pollution, traffic and noise where people could go, recreation and everything.

The first thing we hear is that's where we're going to provide a lot of the parking for the temporary casino down there and I'm afraid that this is—once you get all those cars or diesel buses parked down there, it's going to be very hard to get them out of there.

I guess, in closing, what I want to say is that there's an awful lot more than just what we've heard about crime and the social cost. There's a lot of environmental cost, a lot of things that really need to be looked at in terms of our downtown, how we plan our city.

I know the city of Windsor has done a traffic study, but I think they've been very narrow in how they've done that. They've basically looked at how many cars are going to come, where we're going to put them and how we're going to get them to the tunnel. I think there's much, much more.

Last night I started re-reading the great classic work by Jane Jacobs, *The Death and Life of Great American Cities*. It's interesting; the first thing she starts out with in talking about how cities work, how they function, is sidewalks. She starts from the sidewalks and works out from there, saying they're the most important part of a lively city.

When Dr McKenzie was speaking about crime—not crime, but the fear of crime—I really thought sidewalks, that's it. Just for some reason, I don't have a picture of sidewalks around this casino. I have a picture of cars pulling up, shuttle buses dropping people off and they

really could lead easily into that fear of crime. People don't want to be out on the sidewalk, don't want to be walking around there, and that's what you need to make a safe, lively, vibrant downtown where people are going to want to come and shop, spend their dollars and live here, move here and help to build this community.

With that, I'll leave it and answer any of your questions.

**The Chair:** Thank you. We have about three minutes per caucus and we're going to go to the Liberal caucus.

**Mr Callahan:** Does this not go through the usual zoning process?

**Mr Buckner:** Well, I—

**Mr Callahan:** This is not a provincial building. There'd have to be a rezoning, there'd have to be perhaps an official plan amendment, there'd have to be public hearings. Are you telling me that none of that was done?

**Mr Buckner:** I can't say that for sure. I know one thing that hasn't been done yet, and I should have mentioned this right off the top, is an environmental assessment. I would sure hope that this is basically right there—that there must be an environmental assessment done as part of this as a major development.

I assume that, yes, all those things have to be done, rezoning all that. As I say, if the process hasn't been circumvented, it's really being fast-tracked to the point that I, as someone who I think is fairly well-versed in civic politics, have not really had the opportunity to go out and make my views heard.

**Mr Callahan:** That's the first thing I'd like to check out, because if that's been circumvented, that's certainly remarkable.

Second thing, this building you say that was refurbished, how old is it?

**Mr Buckner:** I believe it's about 100 years old.

**Mr Callahan:** Has anybody ever applied to have it declared a, what do they call it, heritage building?

**Mr Buckner:** I spoke to the city heritage planner and she kind of shrugged it off as if it was not really significant. I shouldn't say that. I don't know the process it would be on, but this is what gives me the impression that this was fast-tracked. It was never really discussed. I think the idea is that so many people are saying, "We want this casino; we need this casino; let's not do anything to derail it," that there really is a perception—please correct me if I'm wrong—that these processes have not been adequately looked at.

**Mr Callahan:** We'd like to find that out, because that certainly is trammelling the rights of citizen input, and I think it's important that there be citizen input.

I'd also like to find out who's going to absorb the additional cost of ripping down this newly refurbished

building. That's going to add a tremendous cost, I would think. You'll have to expropriate it, which means you've got to pay the highest and greatest value, and if you've already identified it as a casino site, you have just jacked the price up by megabucks.

**Mr Buckner:** I assume as a taxpayer I'll be paying for part of that process. Yes, that's what will happen. Some might even wonder if the reason they renovated was because they knew a casino was coming and they wanted to jack the price up, but that's only wild speculation on my part and maybe it might have been speculation on the developer's part too.

**The Chair:** Does that conclude questions from the Liberal caucus?

**Mr Callahan:** Well, I want some answers. I don't know who I'm going to get them from. Maybe I can ask the parliamentary assistant. Do you know whether this went through the normal process of zoning, official plan amendment, public hearings and the whole—

**Mr Duignan:** It hasn't gone to anything yet and, yes, it has to follow the normal process. It's the responsibility of the city of Windsor to deliver the site for the casino, and it has to meet the zoning requirements and it has to meet environmental requirements.

**Mr Callahan:** Who's going to pay for the cost of removing the—is expropriation to take place?

**Mr Duignan:** The price has been set as of January 1, 1993, before the decision—

**Mr Callahan:** Does that include the cost of removing this building, or is the province going to pay the expropriation costs for this entire process?

**Mr Duignan:** Acquisition of a site is the responsibility of the city.

**Mr Callahan:** It's an expropriation so it will obviously be done at the cost of the taxpayers of the province of Ontario. Maybe you can tell us what that cost is, if you know.

**Mr Duignan:** Again, as I stated, the province will not be spending any money on purchasing the site. It's the responsibility of the city of Windsor to deliver that site to the province for a casino, and as I said, it has to meet the zoning requirements and it has to meet environmental requirements.

**Mr Callahan:** So just to answer my own question, the taxpayers of the city of Windsor are going to pay for the expropriation costs of that property that will probably cost a significant amount of money in order to be able to deliver on that promise.

**Mr Duignan:** Again, the project site will be purchased at least from the city and any lease or purchase will provide a fair return to the city on its acquisition costs.

**Mr Callahan:** All right. Finally, that says that the province of Ontario is going to pay for the cost of expropriating this building.



**Mr Duignan:** The casino operation.

**Mr Callahan:** I'd love to know what the cost of that expropriation would be.

**Mr Duignan:** The province will not be paying anything for the site.

**Mr Callahan:** Just a second.

**The Chair:** Mr Carr.

**Mr Callahan:** I've got a—

**The Chair:** The clock is running on, Mr Callahan.

**Mr Callahan:** I need to have that clarified, Mr Chair—

**Mr Carr:** I'll give him a minute.

**Mr Callahan:** —because on the one hand I'm told that the city of Windsor will have to deliver a site to the province and that it will in fact pay the costs of expropriating that property. On the other side of the coin, I'm told that the province will then reimburse the city of Windsor for all of the cost of the expropriations; ie, the answer that I get is that all of the taxpayers of the province of Ontario are going to pay big bucks for this expropriation. Maybe the thoughts that this gentleman has put forward should be given to the Windsor city council and it should decide to try to incorporate it into its process and save us all a lot of money when money is tough.

**Mr Duignan:** Mr Callahan, it's going to be the developer who has to pay the costs.

**Mr Callahan:** Well, somebody's going to pay it. I'm still not sure—

**Mr Duignan:** Remember the costs will be borne by the operator who's the developer of the site, not by the province.

**Mr Callahan:** You see if you get an answer, Gary. I don't understand this.

**The Chair:** Thank you, Mr Carr, for donating some of your time. You do have a couple of minutes.

1500

**Mr Carr:** I had a question along where your expertise lies in the environmental field, although the other is certainly interesting. As you know, there is talk of a lot of Americans coming across, 9,000 visitors. Assuming they're coming together and there are buses and so on, we could have 3,000 cars, 4,000. I don't know what they're planning on the tunnel, but I understand there's some expansion. Can you quantify what that's going to mean to the air quality? Are we going to see it rise dramatically here in Windsor, and if so, because your background is in the environment, would you be able to tell us what is going to happen to the air? Or is it going to be it's already in Detroit now anyway and it blows across? Are they going to see any appreciable difference in the air quality?

**Mr Buckner:** I'm not the expert on that. I've read figures; I don't have them with me. You can actually

measure how much pollution per mile travelled from car exhaust. That's fairly well quantified. As I said, automobiles are the number one source of air pollution in the world. But there is a problem, yes. A lot of our pollution comes across the border—speak about cross-border shopping—comes from Detroit, so it's always very hard to measure. But, obviously, with that many cars—as I say, pollution can be measured per mile travelled—of course it will add to the deterioration of our air quality downtown.

But cars also add to the deterioration of quality of life in a number of other ways too: traffic accidents, just the fact that they take up so much room parking—in Windsor you have all this vacant land that's filled up with cars and that's not conducive to people walking and shopping and enjoying the air—the noise. There's a whole raft of factors which you're seeing more and more that cost. Let's also say that there are a lot of figures proving that motor vehicle traffic does not pay for itself, that it is in fact subsidized out of the general tax revenues. The gasoline tax and all the rest of it doesn't cover all the environmental costs of automobiles.

**Mr Carr:** What would you recommend be done? Would it be better to have buses? I know you're critical of buses sitting out there too, but would that be better? What do you suggest, particularly for the Americans? What can we do environmentally to get them across the best way?

**Mr Buckner:** Buses are better because there are more people in each vehicle, so therefore there's less pollution per mile per person, as long as they don't leave them running. That's something we really have to deal with, is that they can't be sitting there running, which they tend to do; I don't know why.

The other thing, though, is that, as I said, we really have to deal with public transit. We're talking about high-speed trains coming into Windsor and yet the train station's out in Walkerville and we really have no link. You can't get a bus from the train station to downtown Windsor after 6 o'clock on a Sunday, and it's probably worse now. We should be looking at some sort of street-rail link or something like that, so people could take that high-speed train, hop on the streetcar and be at the casino. Somebody wrote into the Windsor Star suggesting that they extend the Detroit People Mover through the train tunnel and bring them right over. I don't know if that's feasible.

The other thing too is that I did notice that somebody's talking—

**Mr Carr:** Maybe they could gamble on the way too.

**Mr Buckner:** Sure. There was a proposal a few years ago for a passenger ferry, which didn't happen. Hopefully now that could maybe happen, a pedestrian ferry from Detroit to Windsor, although there are

problems with ferries too. There are safety problems, but I believe that on the whole they're still more environmentally friendly than single-occupant automobiles coming through the tunnel.

**Mr Dadamo:** Mark, you should probably set up a bike rack at the casino, I suppose, somewhere in the front.

**Mr Buckner:** Yes, I did mention not only the casino but the court building and the other government building. Wayne was going to look into that for me.

**Mr Dadamo:** Yes, and we would hope that when people come in they'll come in wearing their bicycle helmets. That's another issue.

**Mr Buckner:** We'll leave that one.

**Mr Dadamo:** Yes, that was another committee.

Anyway, when the final proposal comes in for running this casino and the decision is made later on, how much do you want these people to work on the riverfront and what would you like to see them do, being that you're an environmentally friendly kind of guy?

**Mr Buckner:** I think there are real dangers in allowing whoever, the casino corporation as it were, to build the riverfront. I think that process still has to be directed by the public, I mean through our elected officials. We really have to hold on to that. As I said, I still think there's far from a consensus on that, and I guess one of the things in these new planning initiatives is that there's really a move away from the megaproject, the big thing that's going to attract lots of tourists and save the city, which the casino is. A lot of people proposed that for our riverfront.

Now that we have the casino as a major tourist attraction, I think we really need to scale down that riverfront and look at it more as a green space, a place for bike paths, a place where people can go jogging. You know, there has to be some sort of small development down there, maybe a concession or some sort of museum. There are a number of things and they're all in the study. I'm not going to pretend to be the expert on that, but I think that now, with the casino sitting there right beside that, we can really look at that as much more—I hate to use the word, but I can't think of a better one—the antidote to that temple of commerce that we have a nice, quiet green space all along the river. As I say, also it could be used as a corridor that people could use to travel downtown from the other end of the city without having to use their cars and without all the problems of parking and traffic.

**Mr Dadamo:** With this casino building, and if you had the opportunity to construct, and I think construct something that would generate some sort of moneys coming in—I mean, green space is neat and it's nice, but I don't think that brings any money in to anybody—and without obstructing the skyline or the view, because

they can't by laws and all those kinds of things, what would be the perfect segue or the complement to each other?

**Mr Buckner:** I guess I would say that I don't see why we need to have something bringing money in in that park. We have the casino. That's going to bring in millions of dollars and I believe we in Windsor should be seeing some of the benefits of that, however we get it, whether the casino pays for it or it comes back through the normal channels of taxation.

But I really don't see that that riverfront park has to pay for itself. I believe that's something that will be definitely needed, and it is an amenity for the tourists, for the people coming in. I think if that's there right out the front door, hopefully some of them will go out and take a walk down in the park and maybe buy an ice cream, or if you have a bicycle rental place right there, they might decide to go for a ride. I don't know. I can't believe that they're all going to sit in that building and gamble all day, although most of them will.

I don't really see why that has to pay for itself. We have the casino. That's supposed to be bringing in the millions of dollars.

**Mr Dadamo:** But building on the future—

**The Chair:** Mr Dadamo, I'm sorry, your time has just about expired. Mr Duignan would like to make just a comment or clarification, as I understand.

**Mr Duignan:** On the question of the sale or lease of the land, it will be an agreement between the city and the private sector proponent. Therefore, the developer will be paying the city directly for the sale and/or lease of the site, and the agreement must give the city a fair return on its investment.

I know you've raised some legitimate concerns about the infrastructure, about transportation etc, but the normal process in relation to a building permit will still be followed. Take your concerns to city council. You can raise them at city council and get city council to wrestle with the concerns you raised here today.

**Mr Buckner:** But as I pointed out, you see, if I take on the fight to save that heritage building, then when the process—I mean, we're already agreed we're going to build the casino. Then I get branded as the one who's trying to stop development and stop the casino. Not that I'm afraid of a fight like that, but it's really been done in such a way as to preclude any opposition. People in Windsor see that casino as—

**Mr Duignan:** You still have a right as a citizen to appear in front of city council and express your opinion.

**Mr Buckner:** I know how to use that right. Don't worry, I'm not shy.

**The Chair:** Mr Buckner, I want to thank you. You've inspired the committee to go five minutes beyond the time that was allowed.



**Mr Buckner:** I'm very sorry.

**The Chair:** I do sincerely thank you for making your presentation.

MEGEED RAGAB  
JASON SMITH

**The Chair:** Our next presenter is Dr Megeed Ragab, if you would please come forward. I hope I pronounced that properly.

**Dr Megeed Ragab:** Yes indeed. You are one of the very few people who can do that too.

**The Chair:** Thank you very much. You have 30 minutes, sir, to make your presentation. Again, if there's time left, there will be an opportunity for some questions.

**Dr Ragab:** Thank you very much. Indeed I intend to leave some time. I will take about 10 minutes. I have also my research associate, Mr Jason Smith, who's going to report the findings of a quick survey that we have done here. We'll try to leave as much possible time for questions and answers, because I'm eager to answer some of the questions that I have been hearing since I have come here. So please feel free to ask.

Without any further ado, I would really like to thank you very much for giving me the chance and for starting here in Windsor. I think the people of Windsor should be heard first, because we're always heard from last. Having lived here in Windsor for 25 years, when I go to Toronto, when I go to other parts of the country, Windsor is—fill in the space—of Canada or of Ontario. I'm glad you have decided to start here in Windsor, because that will at least put us on the map and remind the rest of the province that we're here, we're alive, we're kicking and in fact we're doing very well.

On the casino issue, I just would like to start by saying, like any other policy decision or any other decision in life, it's a bundle of tradeoffs. You've got positives, you've got negatives, you've got pros and you've got cons. There is really nothing that is a perfect position in this world. This is not a perfect world. Everything is going to have something on the plus side and something on the negative side. But simply because a rose bush has thorns does not mean that we should forget about roses. I'm really concerned about some individuals pushing the negative side to the exclusion of the important, significant pluses on the other side.

1510

We should also be cautious about optimism. There is no reason to be naïvely optimistic about something that's going to be a panacea for solving all our problems. But we have to understand this bundle concept, and I'm sure you understand it better than me, dealing with these conflicts on a daily basis in Parliament.

In looking at the items on the plus side that we should really be considering, number one, we need diversification in this city. We're still dependent on the

automotive industry. The automotive industry is doing okay this year; next year, God knows. We've got NAFTA, we've got a number of other developments in the winds. We've got the Pacific Rim evolving. The auto industry is busy rationalizing its resources all over the globe. God knows how much Windsor is going to be keeping out of those resources. We definitely need diversification here.

I was a co-founder of the economic diversification committee and the economic strategic planning committee, and one of my main concerns as a citizen here was, "My goodness, we're a one-horse town," and we have got to get out of this trap, if you will. I do believe that the casino is an example of the kind of diversification that we need. It's a service diversification. It is different. It's balance.

Number two, from strictly a business standpoint, I counted here that there are about 130 types of businesses that could do business with the casino, existing, local small businesses in Windsor and Essex county that could do business with the casino. These range from dry cleaning to uniforms to name it, even grease and fat removal, for God's sake. In looking at the record in Atlantic City, I found five companies that specialize in grease and fat removing. My goodness, that's not bad. Five companies employing, each one of them, about seven to eight people, not bad at all. But that's just an example.

Currently we're trying to take an inventory of the businesses locally here that could benefit from the casino and we counted up to 2,000. Here is the guy who was doing the counting. He spent the last whole month developing the database for us. This is going to be a major contribution by Jason here before he leaves this city as part of the brain drain.

**The Chair:** Can I interject?

**Dr Ragab:** Please.

**The Chair:** Does this gentleman want to come forward and make some comments as well?

**Dr Ragab:** Yes.

**The Chair:** Would he like to come up now and sit at the table, so when you refer to him, we'll know who you're talking about. Your name is, sir?

**Mr Jason Smith:** Jason Smith.

**Dr Ragab:** Mr Smith is completing his master's degree in business administration and he happened to be stuck with me as an adviser and supervisor and all that jazz, so I got him involved in these lively things. Thank you, Jason. It will count, I'm sure.

But coming back to my point, the first point was diversification. The second point is that we're opening a brand-new opportunity for existing businesses plus another brand-new opportunity for new businesses to come and be formed; training schools, for example—look at the contract that St Clair College got—and other

things that might come for the first time. And, yes, counselling services for those who need counselling. Why not? That's a business opportunity, no doubt about it, just like medicine is a business opportunity.

Item number three, of total importance here is downtown Windsor. Downtown Windsor, as the previous speaker from Freed's has outlined to you, it is really sliding down fast because of cross-border shopping and the recession etc. Something has got to be done about downtown. The important thing to be done about downtown is to have a new business theme for it. So far, downtown has been a traditional retailing centre, a typical downtown. Now I think downtown, in order to evolve and grow, would need a different theme. With the Capitol Theatre, the sports complex and the casino, perhaps a recreation-leisure-culture theme or a combination thereof might develop which will create a whole new collection of businesses that will emerge around here, and that perhaps will be the key for the revival of downtown. I honestly believe that.

Number four, the jobs that the casino would be creating, I heard estimates ranging from 2,000 direct employment to 8,000 direct and indirect employment. I hope those projections are true. I took a look at the input-output study that was done by the ministry. Assumptions of the model seem to be right, the model is done according to the proper economic theory. I have no reason to believe that those numbers would not materialize. In all likelihood, they will, so that the jobs that are here are needed to compensate for the losses we had in the automotive industry which, as you know, has gone automation and high-tech all the way and doesn't need people any more.

What are we going to do with these citizens? Do we just send them to the 401 and say goodbye, to Toronto, where they collect more unemployment over there, or what are we going to do here? Jobs are jobs. The previous speaker was talking about careers. What careers? This is the age of rapid change. People are talking about changing their jobs or changing their careers three, four or five times in their lifetime. There is no more career in the age of rapid change and the high-tech, rapid pace we have right now. You will really have to cross this bridge when you come to it, and you have to change jobs and change careers as the need may be.

Finally, on the positive side, we cannot ignore the public finance impact of the casino. Again, from the city point of view, there are property taxes, business assessment taxes, other sorts of public revenue that will come here; for the province, badly needed revenue with the looming big deficit that we have plus the losses of revenue due to the recession. We cannot ignore that contribution there.

However, to make my presentation balanced—I like to be a balanced individual; as an academic, I'm

supposed to be objective and I honestly try to be objective on this one—here are some of the negatives that we have to look at.

The morality issue: I don't really see this as an issue, because we do have gambling. So I don't see any reason why this is going to add more to our immorality or make us immoral or unreligious or whatever adjective anybody would like to use. We already have it, so that incremental addition there is not going to add much.

Furthermore, I honestly, as a citizen, don't believe anybody should go and tell other people how moral they should be or how they should live their lives. Beyond the basics, "Thou shalt not kill" etc, I think let's keep it at this minimum and leave the rest for human creativity and the interpretation of their lifestyle the way they do. The same goes for the ethical side of it too.

Number two, some people are concerned about crime, as we have heard from the previous speaker, and side crime from organized crime and so on and then street crime. Essentially, what we're having here is just one organization. I honestly don't believe that one organization is going to dramatize and traumatize the crime scene in Windsor. True, we're going to be having a lot of people who are coming to visit, but that is just essentially one organization. When you think about it, the crime comes primarily from unemployment.

What worries me are some crime elements from outside Windsor that will be coming here, but these are easily controllable. Their activity can be easily checked, as it has been continuously by our excellent police force down here. So I don't really see crime coming as a problem. Besides, when we analysed some of the statistics about the cities that had casinos, I was surprised to find out there wasn't any significant impact on crime in those areas. There are things that defy common sense, and regretfully a lot of people come and argue points based on common sense, like what I am doing right now, but sometimes when you refer to some research you will be surprised as to what you can find there.

Number four, some people are worried about the social ills of gambling addiction, taking advantage of the poor etc, etc. I don't really know what percentage of people in Windsor are going to be gambling. I take it that if we're going to be getting five million to six million coming here, they're going to be coming from outside Windsor.

Whatever social ills they develop, that is going to be the business of whatever municipality they live in; it's not going to cost Windsor. If someone is coming from Toledo to gamble here and he or she develops a problem, we're not going to be paying for this problem. As for Windsorites, they have been gambling all along. If we had a problem with gambling and social ills with gambling, it would be apparent by now. I haven't seen



lots of social ills on the state of gambling that we have right now.

Finally, there are definitely the legitimate concerns, as the previous speaker said: the traffic jams, parking, security etc. These are serious problems, pollution, but they have to be solved as we go. For every problem there is a solution. Like any situation in life, it does involve problems. This is not a perfect world. In an imperfect world we're going to be having some undesirable consequences, but we don't simply run away because we're going to be having some undesirable consequences.

1520

Imagine if the people said, at the time of the Industrial Revolution, "Well, you know, we're not going to be dealing with those machines because they make noise, they scare us, they shake, they vibrate and they make a bad smell." We would not be where we are today; similarly with the high-tech revolution, like all human change, it does involve problems, but as humans we must believe that we are smart enough and capable enough to solve any problem as we encounter it. There is a solution for every problem, and everything is done incrementally.

I really would like to emphasize, again, the whole bundle concept. It just happens in this case that when you look at the bundle of negatives and positives, this is a very clear-cut situation where the positives outweigh the negatives.

At this point I'm to stop and I'd like my colleague, Jason, just to give you a brief overview of the findings of a survey we have done here in the small business community just to show you how they feel about the casino issue and so on and so forth and how it's going to impact to give you some additional facts.

**The Chair:** Thank you very much, Doctor.

**Mr Duignan:** Are you making a copy of that survey available for committee members?

**Mr Smith:** Yes, I am. I brought five of my papers. They will actually contain the findings and the survey itself.

The research that we conducted specialized on the Windsor existing downtown small businesses and their strategic response to the announcement of the coming casino. It was conducted mostly through May to June 1993: 13 key informant surveys, 45 minutes each, semistructured. There were 500 questionnaires distributed through the DBA's Recorder, which is their newsletter. It was all with prominent managers and owners of the establishments.

Our brief findings were that in regard to visitors, these individuals surveyed believed there would be between 5,000 and 8,000 a day. That's in a 24-hour period. That's smaller than most quotes. They anticipated that it would be polarized within two types: the

hard-core gambler who would tend to stay for a shorter period of time and remain in the casino, and the recreational gambler who would ideally arrive with family, have a longer stay and be more outgoing into the community.

They expressed cautious optimism regarding their own business—that could have just been an attempt at being modest—5% to 10% growth was expected for all of them with the exception of a few who expected much greater. They felt that the key success factor is other business that had made them successful currently and would continue to make them successful. Their major fears centred on, as is no surprise, traffic, parking, crime and the timing of the actual event, that it did take place and that it would follow through on the calendar dates mentioned.

We also found that there was great camaraderie among the DBA members. They expected this camaraderie to continue with the casino as a major player in this community. Most believe that the event would benefit Windsor, and they thought that the casino should promote Windsor itself as part of the attributes which the casino could offer. They also took quite a large amount of pride in the ownership of bringing casino gambling to Ontario and were quite pleased with the fact that Windsor would be one of the first pilot projects.

The key elements that we really found came across time and time again was foot traffic and the need for advertising and promotional space. Naturally, it's interesting that we are talking about sidewalks. The restaurateurs and the businesses felt the same way. They really emphasized the need for pedestrians on the streets. They often cited this as a major reason for casino support. The restaurants are expected to benefit a small amount greater than the shops.

The advertising and promotional space was a large concern of theirs. They felt that it would be very important to them to be able to have the opportunity to draw the customers out of the casino. They were worried about access to the casino, everything from display cases to humidors within the casino to attempt to draw them out.

There was concern over competition for the space and the cost of the space in the casino would be an issue. They were generally averse to the use of handbills and flyers with 10% etc coupons, but they would use them if they needed to, although they recognized it was litter and less prestige than actually advertising within the casino. That's all I have to report on.

**Dr Ragab:** We are happy to take any questions.

**The Chair:** Thank you for your presentation. Okay. We are going to start with the Conservative caucus. Mr Carr, we have approximately five minutes.

**Mr Carr:** Terrific. Thank you very much. I notice

you talked about 5,000 to 8,000 visits a day at the end, and the government is saying there'd be 12,000 visits a day. Why the big discrepancy?

**Mr Smith:** Sir, that is actually what the business community that we interviewed expected. They tended to think that the numbers were overinflated. Their reasons, I didn't investigate.

**Mr Carr:** So they were just guessing because—

**Mr Smith:** That was their gut feeling.

**Mr Carr:** Obviously, I can't ask you why the government thinks it could be potentially twice as much if—

**Mr Smith:** Yes. I have read many of the same materials: 11,000 to 12,000 a day.

**Mr Carr:** So you know what you've got here. You've got Windsor being told that it's going to be an economic benefit and then they say it could anywhere from 5,000 to 12,000. There are huge discrepancies now. Let me get into more specifics. Can you tell us what you anticipate the revenue will be to the shop owners, for example, how much increased revenue they're going to get in terms of millions of dollars a year?

**Dr Ragab:** At this time, like the previous speaker, Mr Orman, said, it's very difficult for anybody to estimate it. This is the first time around for something like this to take place, but the input-output model I referred to earlier is projecting about \$47 million in retail sales.

**Mr Carr:** Is that \$47 million total?

**Dr Ragab:** Just assuming that 20% of people will walk out or will walk around.

**Mr Carr:** That's retail, and then you've got the restaurants.

**Dr Ragab:** Then food supplies etc.

**Mr Carr:** Will be slightly higher?

**Dr Ragab:** A lot higher. Food supplies will be a lot more than that too.

**Mr Carr:** What are you looking for the community coming in? You're doing some best guessing. You're using the models. In one year, what will be the economic impact total to the community?

**Dr Ragab:** I can't recall the number. Maybe Mr Alfieri might have the results of the output study, but the numbers, like I said, are fairly big and significant. The most important thing is that they are all based on conservative assumptions.

**Mr Carr:** But the average layperson hears about the models and so on and hears the number of jobs, but it would be very helpful if the average person wants to know. They can understand \$80 million, \$100 million, \$10 million, whatever it is. I know when you make predictions—you sit on the finance committee; everybody, economists, predicting what's going to happen

with the economy—it's difficult, but if the public could have some idea here in Windsor what the economic impact would be.

My fear is that not hearing any numbers and people saying it's very difficult, everybody says, "Whoops, maybe it isn't going to be that great or maybe they're going pull figures out of their heads." I know you wouldn't because you've got economic models, but it would be very helpful if you could come up with some type of bottom-line figure where the people of Windsor are saying, "The doctor believes that we're going to have an \$80-million impact." I think that would be helpful for everybody whether they are in favour or opposed to the casino.

**Dr Ragab:** I can't really make that statement because I was repeating the findings of the input-output model that was used by the ministry. It was developed by the ministry and it was used by them. They can't attribute this number to me, but again in this life a lot of times our estimates are always exceeded by realities. Just this morning, I was working with a company that three years ago was out of business: first-year sales, zero; third-year sales, \$20 million.

**Mr Carr:** What about in terms of the actual jobs created? Again, we've heard 2,500 in the casino, a total of 8,000 in the community. The people want to know bottom-line numbers. What do you anticipate the number of new jobs created are going to be?

**Dr Ragab:** Bottom-line numbers: the 2,500 in the casino and the hotel; that's seems to be very logical and reasonable. Other numbers in the community, the remaining 6,000 indirect employment.

**Mr Carr:** Six thousand?

**Dr Ragab:** The total is about 8,000 approximately, if I remember correctly. The remaining 6,000 is in indirect employment, I would say, over the next two to three years. It will materialize. It will not materialize the first year.

**Mr Duignan:** There is a line in your conclusion that I quite like and quite agree with and that is: "There is a sizable opportunity here, but we should not take it for granted. Just because the casino will be constructed here does not mean that the economic and business mentioned above will automatically materialize."

There's a famous movie called *Field of Dreams*. In that movie, there's a line that goes something like, "Build it and they will come." I believe what we've done here is give the city of Windsor an opportunity or a catalyst or the tools to build a brighter, more economic, secure commercial downtown. We believe we're handing the city of Windsor a magnet and we believe it's up to the city and the business community in the city to begin to market the attraction of Windsor.

I don't want to misquote the mayor, who some time ago said, "It's time for the Windsor business community



to roll up its sleeves and get down to the task of promoting Windsor, start marketing the city to the people who will visit the casino."

1530

**Mr Callahan:** Do you want Shoeless Joe to come?

**Mr Duignan:** That may be an attraction. However, what we've done is to give a catalyst to the city of Windsor to promote itself, not just the casino, but looking at Windsor as a whole, looking for the opportunities that will come with the casino coming here. What do we need to have the family stay two or three or four days in Windsor? Here's a golden opportunity. We believe we've handed Windsor this opportunity.

There's another line in your presentation, in the conclusion. It says, "Windsor entrepreneurs have proved over and over again that they have the resilience"—and integrity—"and ingenuity to survive economic adversities and capitalize on new opportunities." I have faith in the people and the business of this community to take this opportunity, run with it and make it work, not just for the benefit of the people of Windsor but for the benefit of the people of this province.

**Dr Ragab:** I agree with you 100%. In talking to a lot of them and talking to many members of the business community—

*Interjection.*

**The Acting Chair:** Mr Lessard, briefly.

**Mr Lessard:** In the bottom line here of your presentation, you say, "Can our businesses exploit this opportunity?" We heard from Thom Racovitis from TBQ's other place this morning talking about the same thing, about what sorts of quantities of foodstuffs, for example, we might be expected to need. I wonder whether you've been involved personally with any of the efforts to try to ensure that business in this area is prepared to supply the market.

**Dr Ragab:** I'm glad you asked. There's a database of 2,000 enterprises that we're developing right now. Guess what the next step is? The next step is that we're going to be getting to them and say: "Hey, there is an opportunity here. You better get them going forth." This is going to be one of the projects of the small business committee of the chamber of commerce which I chair. We're just going to make sure in the small business committee that we're going to go after everyone to make sure that they are mobilizing and gearing up for it. This database is going to be used as a tool to ensure that every business here is out to get the casino business.

My objective is that as a citizen of the city, I'd like to see at least 70% of the casino business done locally. I don't want someone to come and say, "I can't supply one million pounds of chicken because I don't have the facility." Fine, we'll put you together with nine other people and the two of you can do a consortium to

supply the one million pounds of chicken, whatever the case may be. This business of thinking alone has got to stop, and we'll do our best to make sure the people develop coalitions and consortia in order to take advantage of this phenomenal opportunity.

**Mr Callahan:** I have to say, first of all, that we are not against casino gambling.

**Mr Duignan:** You'll have to reassure yourself.

**Mr Callahan:** No, no. Our role is to ensure that we have all the information available that will allow us to ensure that when it does take place, it's not going to destroy a community like Windsor.

Earlier today I said I have been in Windsor on a number of occasions. I have two sons who graduated from the University of Windsor and one from the law school, so we were down here a lot. I really enjoy your city. As I said this morning to some gentleman, I'd like to come back here and know—and I was out walking last night at about 10 o'clock and young people walking on the street safely and so on.

What concerns me is the fact that this morning your chief of police was asking for a specific type of legislation to place the onus upon a scenario that I'm about to state: a businessman seen in the park, talking to a known underworld figure on more than one occasion. The minister yesterday, when we questioned her about this, sort of pooh-poohed this idea, that there's no organized crime, everything's going to be safe and aboveboard and so on.

I understand today that the stories, and I may be wrong, in the Star and in the Windsor Star will be to the effect that the assistant deputy minister, when he was asked about this issue, said they did have knowledge of organized crime people appearing in Windsor.

I as an opposition member and my colleagues in the opposition find it passing strange when we as members of the Legislature are told: "Don't worry about it. There's nobody here of that type." We have the police chief come in and say what he says and then we have it confirmed that there are in fact these types of people who are showing up in Windsor.

You have to worry too, because if that's the kind of information we're being denied, how much more information is being denied us to ensure that Windsor is, 10 years from today, as safe as it is now? Because that's what you want; that's what I want, or certainly I would want if I were living in this community.

That's where we're coming from. I find it really amazing that this information would be pooh-poohed by the minister as being irrelevant and not happening and then suddenly, surprise, it's happening. That scares me. When I hear that, I begin to wonder what other information is being denied all of us in order to make a proper assessment that this is going to ensure that Windsor remains the very wonderful place it is. I understand

your reasons, where you're coming from; I understand all the business community's reasons, where it's coming from.

We also had the restaurateurs this morning, who indicated to us that they expect people will go out and eat at the restaurants. Anybody in this room who has been to a gambling facility anywhere in the United States—even though they have much larger restaurants in these facilities, and I understand the legislation wisely has a 300-seat restaurant in this facility.

Casinos are there to make as much money as they can. In fact I remember at one time in Las Vegas they used to have slot machines on the way to eating. They didn't want you to stop for one minute. You get gamblers in there who get crazed with the slots and so on and find: "I can't get a seat at the 300-seat restaurant. I'll hop outside and grab a hot dog from a hot dog vendor, and back in to the casino."

Mr Kwinter raised the question—I have real concerns too—that you don't put all your eggs in one basket and think this is going to be a panacea, because unless there are very definitive ways that we can ensure that these people are going to go out and see these shopping centres or these shops that you're going to put up, that they're going to eat in the restaurants and so on and aren't going to get back on the bus and beetle back across the border and only bring the bad things with them, as opposed to the good things, then this really becomes a real non-blessing in disguise. So you understand where we're coming from.

**Dr Ragab:** Of course I do understand. I also would like just to caution about something that is called paralysis by analysis. Let us collect all the facts. Let us get all the information. In this life—I teach business strategy and I counsel a lot of people on strategizing on things like this. The last thing you want to do, the last trap you want to fall in, is paralysis by analysis. One can collect all the information, one can create all sorts of fears and then you end up saying, "Let's not do it."

Personally, as a citizen, I don't really believe that the casino is going to create the big crime problem we're going to be hearing about. This is only one organization in town. My first fear was, "My goodness, we're going to become like Atlantic City," but then when you look at the crime statistics in Atlantic City or Nevada, they're not really that different than Detroit, and Detroit does not have a casino yet. So I don't believe that one organization is going to turn Windsor into a combat zone like downtown Boston or something like that. I just don't believe this way.

**Mr Callahan:** I'm not suggesting that.

**Dr Ragab:** Some people do, though.

**Mr Callahan:** I'm certainly rooting for a win-win situation for Windsor. But your thesis—

**The Chair:** Time has expired, Mr Callahan. I've got

to be very strict here. The day is definitely going to get away with this. Mr Ragab and Mr Smith, I want to thank you very much for making your presentation before the committee today.

**Mr Duignan:** Sorry, Mr Chair, on a point.

**The Chair:** A point of order, Mr Duignan?

**Mr Duignan:** A point of maybe whatever.

**The Chair:** Mr Duignan, we'll continue with the next presenter.

**Mr Duignan:** The whole question of reverse onus—I remember a month ago the opposition demanding the head of the Human Rights Commission of Ontario because of a report that stated that you're a racist until you can prove otherwise. I believe the issue that has been raised maybe is better dealt with when we're going to clause-by-clause. In the meantime, let's give it very, very careful consideration, what's being requested here.

**The Chair:** That's not a point of order, Mr Duignan, but it's interesting to hear that information.

1540

#### WINDSOR-ESSEX COUNTY DEVELOPMENT COMMISSION

**The Chair:** Our next presenters today are the Windsor-Essex County Development Commission. We have a number of people before us. I know you have a presentation here too that I saw. We have the chair, Mary Penfold, the development commissioner, Paul T. Bondy, and the manager of commercial development, Mr Jim Lyons. Am I correct?

**Ms Mary Penfold:** Yes.

**The Chair:** Thank you very much for being here today. Whoever is going to speak first, you have 30 minutes for your total time before us. You have a written presentation, and I expect there will be some time for questions.

**Ms Penfold:** Thank you, Mr Chairman and members of the panel. My name is Mary Penfold. I'm the chair of the development commission and I'm here to submit our presentation to you. On behalf of the Windsor-Essex County Development Commission, I would like to take this opportunity to present to the government of Ontario standing committee on finance and economic affairs our position on Bill 8, the Ontario Casino Corporation Act, 1993, which, if passed, will establish the Ontario Casino Corp.

The role of the Windsor-Essex County Development Commission is to maintain and attract employment and economic development in our community. In these recessionary times, this has not been an easy task, yet the Windsor community is currently experiencing industrial and commercial investment totalling approximately \$4 billion, with an estimated 3,500 new jobs being created.

Ford, General Motors, Chrysler, the University of



Windsor and the Windsor Western Hospital Centre are a few examples of projects currently under way. All of these projects did not materialize on a whim. They were hard-earned by the citizens of Windsor who work there and by the vision of these corporations and organizations in recognizing that Windsor is a good place to do business.

Keeping this community spirit and corporate loyalty in mind, however, these investments have and will not address or influence the current state of affairs that exists within our commercial sector. A recent survey of Windsor's downtown business district disclosed approximately 160 vacant retail and commercial establishments. In addition, many existing businesses are for sale, and some owners are cashing in RRSPs to keep their operations alive, waiting and hoping for better times: better times that a new industry will bring. The reality of years of cross-border shopping, due to the high Canadian dollar combined with the GST legislation, has devastated our community's commercial viability.

But then, almost out of nowhere, comes the word "casino." It's a six-letter word that nobody really understands—yet. When the province of Ontario embraced the casino concept and chose Windsor as the pilot city to operate this first casino, it put Windsor back on the map once again. In a sense, it's like putting a spark plug back into an idle engine that's been in the scrap heap for a long time. That engine can now roar once again and energize new life into a commercial sector that has been dead for years.

In a review of the request for proposals issued April 19, 1993, the objectives as set out by the province are to act as a catalyst for community economic development, to create jobs, to promote the tourism and hospitality industries, to establish a viable new industry in the province and to provide revenues to the province.

Additionally, the city's objectives are to ensure that the casino complex assists in the revitalization of the city's central business district and acts as a stimulus to commercial development and to ensure that the casino complex is compatible with the city's waterfront master plan, civic square urban design and twin anchor concept.

We at the development commission believe that the establishment of a casino in the Windsor community will easily achieve all of these objectives.

In order to substantiate fulfilment of the province's objectives, the development commission has conducted missions to Atlantic City, to Joliet, Illinois, and Las Vegas, Nevada. There we met with representatives such as economists, city planners, academics, casino operators, including purchasing personnel, gaming equipment and suppliers.

We witnessed at first hand the successes and the failures which this powerful industry had on these

communities. This has helped us to develop a promotional strategy unique to the Windsor community which will assist in our efforts to maximize the overall impact of this industry in the Windsor-Essex county area.

With this in mind, we can present to you with confidence the business sectors which we believe will be positively influenced by the establishment of casino gaming in Windsor.

The most immediate and obvious impact will be realized within the local construction industry and by building materials suppliers. It certainly will be refreshing to see cranes and building activity on Windsor's horizon once again.

With respect to the retail sector, which includes restaurants, we believe the vacant storefronts downtown will begin to fill up. Already we have had six new businesses either open or opening soon, such as Zareh's Jewellery, the Sports Zone, Blackjack's Saloon, Caesar's Bar and Grill, Casino City Cafe and Jokers, which is undergoing expansion. I think they're getting ready.

Additionally, we have received over 30 inquiries ranging from the development of restaurant to entertainment interests, and our campaign to lure more has barely begun. Soon we will be implementing a promotional campaign targeting over 300 fashion, gift stores and restaurants not currently operating in Windsor in hopes that they will seize this opportunity and expand their business to our community.

In tourism development, the list is almost endless. New forms of entertainment venues are sure to develop and our theatres, the Chrysler and the Capitol, will become much more active for local citizens and tourists alike.

Attractions such as Bob-Lo Amusement Park, Colosanti's Greenhouse, historical destinations such as the Baby House, the Black Heritage Museum, Fort Malden, and manufacturers such as Hiram Walker, Chrysler, Heinz and the local wineries, as well as countless others, are all planning on how to attract this huge new audience to their properties.

There will be opportunities in development of transportation systems, such as taxis, car rental agencies, bus transit, increased train and airport usage. Undoubtedly, new shuttle operations will service casino patrons, hotels, shopping centres, other city and county attractions, and link public transportation lines.

In the service sector, there loom opportunities for advertising, accounting, and legal firms, banks, computer suppliers, photographers are among others to gain.

In the category of wholesale and distribution for products and/or services directly and indirectly used by the casino, the opportunities are staggering. Food-services, beverages and perishable supplies, such as meat, poultry and seafood, will be required in large quantities.

Maintenance services, such as landscaping, carpet, dry cleaning, florist, janitorial and window-washing opportunities will exist. Linen, office furniture, office supplies are also a few examples of durable goods in need.

As well, there is the inevitable development of a "new" business sector in our community in casino gaming equipment and supplies. Distribution, maintenance and delivery for products such as slot machines, roulette and blackjack tables, coin sorters, playing cards etc, all represent opportunities for existing local companies or new companies that will be established in Windsor-Essex. On a long-term basis, we are hopeful that manufacturing opportunities for casino gaming equipment, as just mentioned, may materialize within our community.

Of course, all of these opportunities are not about to fall into the laps of our Windsor-Essex business base without considerable effort and planning. The development commission's promotional strategy has been designed to conduct a series of programs which will create awareness, elaborate on opportunities, educate businesses with vested interests and attract new businesses within our community.

**1550**

We are planning to launch a campaign to attract new retailers and restaurateurs into the central business district. A target list of 300 firms will be contacted in the upcoming months, informing them of this opportunity.

With respect to the supplier/service sector, we have scheduled a casino business opportunities seminar to take place on September 15 at the Cleary International Centre. We have invited the casino proponents—hopefully, a short-list group will be available—to send a representative of their purchasing department to sit on a panel to answer questions regarding the practices of their organization from a procurement standpoint. Also available for questions will be two independent professionals who currently work in communities where casino gaming is present. We are asking each of these individuals to cite examples of economic development within their community.

Our audience for this forum will consist of retailers, wholesalers, suppliers, banks, real estate firms, and so on, from the local business sector, and our promotional campaign for this event will begin this week.

We are actively working with suppliers of gaming equipment. We have had personal interviews with a number of slot machine manufacturers and distributors of gaming products within the past few months. Additionally, we are planning to meet with more suppliers at the World Gaming Congress and Expo in September of this year in Las Vegas. To date, 26 half-hour appointments have been confirmed.

Our hopes are that we will be able to identify and assist companies who may be interested in supplying the Windsor casino and beyond from a Windsor distribution or manufacturing base.

Finally, when the announcement of the actual casino operator is made we intend to establish a strong working relationship with their purchasing team. By doing so, we will play a matchmaker to assist in identifying local suppliers who can fulfil their needs.

To date, we have registered the interests of approximately 93 local suppliers and we will personally see to it that each of these companies is acknowledged by the proponent and is offered the opportunity to bid on some of the work or contracts that arise.

We realize and believe that the Windsor casino will be the largest commercial investment and stimulus for this sector in the history of our community. The number of direct jobs equal that of some of our community's largest manufacturers. Indirect employment successes will, however, be much more dependent on the desire and the spirit of each individual company to rise to the occasion. As such, expansion or renovation of their operations may be necessary, therefore requiring additional capital investment.

Of great concern to many of these local businesses is the availability of the financial resources to make these capital improvements possible. As you are likely aware, commercial lenders have been less than flexible during these recessionary times. With this in mind, a financial working group consisting of the community's largest commercial lenders has been formulated. Discussions are under way to develop a campaign whereby all local businesses will be able to present their business cases in a more definitive manner in the hope of obtaining the necessary financing to help these businesses through the upcoming period of high growth.

In this high-growth period in particular, and in consideration of the long-term viability of a new and expanding tourism-related business sector here in the Windsor community and elsewhere in Ontario, we believe consideration should be given in developing the legislation to include provisions for government financial support for these tourism-related projects, and that they be managed consistently with the current policies and practices of the Ontario Development Corp.

In conclusion, we are quite confident that a casino complex in Windsor will meet all of the objectives as stipulated in the request for proposal. We have been informed by many of the proponents that the Windsor casino project represents the most attractive casino gaming opportunity in North America. The importance and the level of interest expressed by the proponents in developing a first-class facility within which they will conduct their business is not their only concern. We feel each proposal will exhibit a strong commitment to community development, illustrating continuity with the



city's master plan, complementing each other to create a synergy within our downtown business area.

With this in mind, we intend to use the casino project as leverage to redevelop retail, tourism, supplier and perhaps even contribute to our manufacturing base. We are hopeful that the standing committee on finance and economic affairs will look favourably on the development of this new industry within our province and also that the committee will support the establishment of the Ontario Casino Corp so that we can begin rebuilding our community's commercial sector into a profitable venture for both private and public investment alike.

Thank you very much, and the three of us are available now for questions.

**The Chair:** Thank you very much. We have four minutes per caucus. We'll start with Mr Dadamo.

**Mr Dadamo:** You've done a wonderful job. No question about it. Thank you. We, of course, want to help you out as much as we can.

I want to direct your attention to page 8, if I may. You've laid out part of a mission statement. I just want you to take two or three minutes and elaborate, if you will, that you're planning to launch a campaign to attract new retailers and, of course, restaurateurs, that you have a target list of about 300. Are there any specific kinds of different groups that you're targeting, or is it just a general, "Come on, we're open for business" type?

**Ms Penfold:** I'll let Jim Lyons answer that. He's been specifically involved in that aspect of the project.

**Mr Jim Lyons:** Absolutely. We've taken the resource from a Maclean Hunter publication called the Monday Report on Retailers which summarizes the activities of many of the franchises operating within Canada and the US and specifically targeted those that are, we'll say, medium to upscale. So they're definitely going to be on the list, and those, of course, that have expressed an interest in expanding into southwestern Ontario.

In addition to that, because we have such a large number of people coming from the US, as predicted, we are going to be targeting a number of independent and chain-oriented restaurants, retailers in terms of clothing, giftware etc, from the US market, specifically in Michigan. So if it's Charlie's Crab we used to frequent in the past, then we're going to see if we can get those people over here, as an example.

**Mr Dadamo:** Mary mentioned earlier on in the report that there were about 160 empty stores in and around the core area. Are you going to go after these to try to fill categorically? If somebody comes to you and says, "We need  $x$  amount of square feet," you must have a checklist or something, or a balance sheet?

**Mr Lyons:** Actually, the 160 that have been identified really have been identified only as vacancies. We

know the address. We really don't have too many specific numbers in terms of the number of square feet in that property, who's listing it. We do have owners. What we are anticipating is working with the planning department in mapping out each of the locations of the retailers in the current downtown mix and, as well, identifying those vacancies.

In our follow-up information with a potential retailer, they will be getting this package and they can have a chance to sort through the area in the downtown core and perhaps pick out a vacancy that may be of interest to them and we can help them from there.

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**Ms Penfold:** May I add one point to that? I'd just like to add that there'll be a two-tiered process. We are trying to ensure that, first of all, the businesses in Windsor and Essex county are first made aware of the opportunities, and then we go out from there.

**Mr Lessard:** Do I have any time?

**The Chair:** Yes, you have about a minute.

**Mr Lessard:** You had mentioned in your brief that you visited Atlantic City, Joliet, Illinois, and Las Vegas, Nevada, and you've just generally, I guess, used some experience to come up with the strategy that you have. Can you give me some specifics about things you found there and you know what to do and what not to do?

**Mr Paul T. Bondy:** Perhaps I can start. On a one-day visit, Wayne, we spent some time with the chief economist for the county of Atlantic, spent some time with a survivor in the supplier side of the industry and spent a considerable amount of time with one of the major operators there, and basically each of them dealt with the issues, the things that were not done properly in that particular jurisdiction, and certainly talked about issues related to planning, community/provincial relations—or community/state in their case, or in their case a lack thereof.

There was an attempt made from that information to avoid those kinds of pitfalls. I'm not saying that we have all the answers, but certainly it's an attempt to learn from those problems and try to make sure that it does not happen in this community.

Plus, if I could add, there's a very dramatic difference between that one-sector community and a highly infrastructured community like this one which could, in our own case, help to increase the benefit to the community and the province ultimately. Because we are well infrastructured, there could be situations where suppliers benefit here, whereas in Atlantic City those benefits accrue in Pennsylvania—in other words, 100 miles away—rather than in the community itself.

**Mr McClelland:** I'd like to refer to the first complete paragraph on page 11, if I may, and ask for some expansion or perhaps some particular suggestions that you might have. Yesterday I had asked in a rather

lengthy, I suppose, discourse, included in one of the comments, a point that has been raised from time to time, my point being made that, as far as I'm aware, there's no jurisdiction in North America where the host community of a casino project does not have a direct benefit in the form of either a licensing arrangement or a percentage of gross or some combination thereof.

The minister didn't respond, and I say this with the greatest respect. I didn't have an opportunity to put that question to the mayor today. Knowing Mr Duncan as I do, I will not get a chance to do that tomorrow. From the city's perspective, and I know that you've been working very closely in harmony with the city, I wonder if you would expand on the basis of your point here that you're looking for financial support. You're looking at it in terms of designated funds, funds that are, if you will, siphoned off, apart from general revenues, to pursue the theme that you have laid out in your first point, first full paragraph on page 11.

If you do have time, and you may not, maybe you could have a comment in terms of your assessment of the advisability of a fixed-cost return to the city to provide the infrastructure services that may be required.

**Ms Penfold:** The first part of that, I would just like to indicate that in the trip at Atlantic City, one of the major problems that business did experience was the fact that they were not prepared for the volume and the effects that would have on their cash flow. The majority of the firms that originally started operating with casinos eventually did not succeed, and it was because they did not prepare themselves with their bankers and with their other financiers in terms of the cash flow and the improvements and the growth that they were going to experience. That's the important aspect that we looked at and we think needs to be dealt with with the financing industry.

Paul is more technically oriented in terms of this ODC and how he expects that to work, so I'll let him answer the rest of that. That's why he's here.

**Mr McClelland:** Thank you, and if any one of you could comment on the concept of putting moneys aside.

**Mr Bondy:** I'm not sure that's within our purview—

**Mr McClelland:** That's fine.

**Mr Bondy:** —but if I could just continue where Mary left off.

**Mr McClelland:** Please.

**Mr Bondy:** Obviously the ODC, the Ontario Development Corp, presently, and has for years, supports activities in manufacturing, processing and tourism. I think what we're trying to say here is that perhaps if there was a statement made in the legislation which suggested that if, for example, the three of us were seafood suppliers and we were part of the casino industry—in other words, suppliers to the industry—and we had to approach ODC with a request for some

assistance based on the fact that perhaps we're putting in a third of the equity and that we need some government support before we can get the final support from the chartered banks, for example, if the language is already covered in the legislation, it might just make it simpler to access that eligibility as opposed to having to prove to ODC that we are indeed a part of the tourism industry.

The program already exists. We're just saying that if you include casino-related suppliers in tourism, then it becomes a little more, say, automatic or a little easier to access—

**Mr McClelland:** To access that particular envelope for funding.

**Mr Bondy:** That's right, because the funds are already there.

**Mr McClelland:** So effectively you would equate, in a broader designation, tourism to include suppliers of the tourism front line, if you will.

**Mr Bondy:** Exactly.

**Mr McClelland:** Thank you. That helped.

**Mr Eves:** We've heard from a number of witnesses today, ranging from the city to the chief of police, the Ontario Restaurant Association, Mr Docherty and Dr Prince and Brian McKenzie, to name a few, and they have all requested some very specific amendments to Bill 8.

I wondered, other than your concern that you just talked about to Mr McClelland on page 11, if you have any amendments or changes, or improvements is perhaps a better way of phrasing the question, you would like to see to the proposed legislation.

**Ms Penfold:** Not specifically. I'm aware of some of the comments that were made by the mayor and the chief of police and I believe as a citizen—I speak as a citizen—that it is something that's reasonable given our proximity to the US and I would support that.

**Mr Eves:** Okay, thank you.

**The Chair:** Thank you very much for your presentation.

#### OLD RIVERSIDE BUSINESS IMPROVEMENT ASSOCIATION

**The Chair:** The next presenter we have, and I hope I pronounce this properly, is Sandra Stanciu, representing the Old Riverside Business Improvement Association, if you would please come forward. Did I pronounce your name properly?

**Ms Sandra Stanciu:** You sure did.

**The Chair:** Good. You have 30 minutes to make your presentation, and if there's time left there will be an opportunity for questions. Do you want to proceed?

**Ms Stanciu:** Certainly. Mr Chairman, hearing board members, fellow Windsorites, good afternoon. A personal welcome to all visitors. I hope you have many



reasons to frequent our beautiful city again and again.

I am here as a pro-Windsor Windsorite, a 20-year veteran of the fashion industry as well as chairperson of the Old Riverside Business Improvement Association.

I have made myself as informed as I can be about gaming, the rules by which the games will be played and the potential players. This information I have amassed over the last year.

Information has blown the images I had of casino gambling out of the water. Even the subtle name change: "Gaming" is now the buzzword. Being very nervous here, if I use "gambling" again it's a grave error. "Gambling" conjures up all kinds of images: good movies, racy novels, life in the fast lane and all the related vices and profits associated with that old-time image. No wonder we need to change the name if we want to understand the new way.

Information has always been the key to understanding. Usually information disperses fears and uncertainties. In the Windsor casino project, however, in my opinion, it has become the worst nightmare from an accurate information point of view. It has been beaten to death by all forms of media, often bringing up valid points, often points and fears that even remotely are not likely to become a factor. The everyday Windsor person who I think I represent here today is befuddled. If we sound confused, we are. Some of the stuff we hear and read about would make anybody fearful.

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I have had the opportunity to see and hear Marilyn Churley speak on the casino. On her first visit, I was here when she sat in a downtown conference room with her back to a large window and a wonderful view of Detroit. She addressed cross-border shopping. She interrupted herself numerous times to look out that window and say, "Wow, I didn't know it was so close and I didn't know it was right there." My kind of person: honest and sincere. She went home, the Border Zone Advisory Committee got its funding, community leaders launched their programs. This was due, I am sure, to a minister who had the visual information she needed—again, information.

Having this same lady overseeing our casino project makes me very comfortable. She made it clear she will not settle in any way or succumb to all the pressures that would have it otherwise. I believe when it opens, later rather than sooner if need be, it will be worth the wait. We will have the kind of operation all nine proponents claim they want to run. We will have suitable regulations with teeth in them.

The next time I saw Marilyn Churley, she sported a shopping bag stating she is gambling on Windsor. Perhaps it might have said, if it were large enough, "I am gambling with Windsor," and on the flip side, "We can all be winners."

My personal research tells me that the management force that comes to town will be well educated, well rounded, community oriented, probably family people. It is the way of all big business. It is the way of corporate life and it's certainly the way of new casino management.

We are all well into change for a rollback in lifestyles, back to basics and home and hearths. This change has swept North America and it's reflected in the homes and clothing we buy, the cars we drive, the food and beverages we drink or we don't drink, the vacations we take, the kind of fun we have. Family people have demanded these changes. Most of us love the attitude change. Communities will be better places for it. Our province is on the cutting edge of this fashion change and we know it.

In respect to the casinos, we are the only place I know of to be able to bring in this new way and not have to change existing images and facilities. We have the opportunity to create what we want and what the customer wants. The homework has been done. We know the package we can give and we can give it all. This casino will be run cleanly, efficiently and very profitably. In fact, as I see it, there will be so much profit to be made by all that there is not a great deal of incentive to do anything other than follow the law.

I would like to take this opportunity to read you an article that if I were an editor I might be preparing a few months down the road. Please bear with my fantasy. It's sounding a little corny now, but I'll continue:

"In Las Vegas, a resort is opening called Treasure Island. This is a strategy in a large war to maintain tourist economy. They will try and market Las Vegas as a family town. In the meantime, as Windsor steps into its future, we expect that someone in Las Vegas some day will have an idea that features the magnificent skyline of a foreign country, divided by the busiest fresh waterway in the world.

"Ten minutes from Grand Prix racing. Ten minutes from world-class hydroplaning. Five minutes from the world's largest auto show; an early summer art show that has attracted artists from all over North America; an afternoon away from a wine region expected to rival Napa Valley. All major league sporting events are represented in this area. We are a boat ride away from a unique amusement park. People from all over will flock to this visitors' Mecca. They will call it the Windsor of the southwest." End of my article.

I was fortunate enough to visit Gulfport, Mississippi, and see how that casino ran and affected that town. I visited Biloxi and saw how many casinos were run and how the ripple effect ran through that city. I went armed with a 17-point questionnaire and interviewed 50 people from very different walks of life, examples being a police chief, two beat officers, fellows at a fire hall, a gentleman who runs a private hospital, women's wear

retail store owners and clerks, owners of a 50-year-old family outfitting business and an educator, to name a few.

I would like to run through my questions. I was very pleased and often surprised at the answers given. This is my list as I presented it to each of the 50 people I interviewed.

(1) Profile your downtown visitor before and after casinos.

(2) Comment on the hangouts for downtown street people. Have they changed? Has this population increased?

And to the retail:

(3) Who was your customer before? Has that changed? Estimate the percentage of increase in business.

(4) Hours of operation before and after: Is there uniformity in hours? Are they enforced by bylaws or by whom? Percentage increase in operating costs, fixed and staff, due to these mandatory extended hours.

(5) What do you see now as the needs and desires of the visitors? Has this changed from what you were told when you expected a casino to come?

(6) Where do you and your family live? If you don't live in the core, would you want to? Would you raise a family downtown? Comment.

(7) What transportation is offered? Have public transit ridership numbers changed since the casino?

(8) Is your private life much the same as it was before? What changes has being part of a casino town made in your quality of life? Is it better? Is it worse?

(9) If you could go back and plan all over again, what would you do? Would you support this project? Comment, please.

(10) Going back, what would you ask of the casino company?

(11) What would you ask of your city?

(12) Are you pleased with the way law enforcement has changed to handle the changes here? What would you do to improve in that area?

(13) If you could open a new venture to capitalize on visitors, please name and describe it. Where, in relation to the casino, would you place it?

(14) In your opinion, how much does downtown really benefit from the increased traffic? Does the surrounding area benefit? How and why?

(15) What are the casino's commitments to the community? Do they reinvest, improve roads, support sports etc? Is this an act of goodwill or is this a documented agreement?

(16) Would you describe casinos as good corporate citizens? Do they beautify, promote, do they educate?

Number (17), and most important to me, is what the

feeling of the educators was: Has there been a social impact of any kind on children? Is it negative? Is it positive?

And then I left each person room for personal comment of any kind.

I am here today to support wholeheartedly all our city and province have done so far. I feel we are in very good hands. I do have some concerns, and I would like to cite them.

Traffic control: We can predict, project and plan, but until we see and feel these problems I hesitate to spend or act on them or even to worry too, too much about them. They can be solved when they are real, in the areas in which they are real. How much of an inconvenience will it be to run a bit behind, for a limited time, due to traffic in a downtown that is thriving?

My second concern is crime. Since Windsor is the pilot and we will be seeing casinos in other Ontario cities, why don't we have an Ontario Provincial Police team, trained for this project, who will come in and operate under the jurisdiction of our chief, out of his facility in numbers he's comfortable with and for a term decided upon, while we are preparing and adding to our own force in appropriate numbers? The amount of time would be predetermined and then the casino force would move to the next appropriate marketplace. With the amounts of dollars going to be realized, I feel to overspend in law enforcement, as some would say, is not overspending at all but simply buying insurance. Anyone who has been through a problem knows there is no money better spent.

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My last concern is unique to border cities and towns. I hope the province frowns and frowns hard on cities, their chambers of commerce and their business people who do not somehow enforce fair exchange and treatment of customers. All the advertising in the world cannot stand up to word of mouth. I think Windsor must set the standard by which all other municipalities are measured. I think we must come out on top and truly become the customer service capital of Canada to the smallest detail. I thank you all for your time.

**The Chair:** We have about five minutes per caucus, and we're going to go to the Liberals.

**Mr McClelland:** I don't have any questions right now.

**The Chair:** Not ready to go? Mr Carr.

**Mr Carr:** Thank you very much for your presentation. For your membership, how many new jobs do you think will be created?

**Ms Stanciu:** By the casino coming in, probably none per se, casino visitors; by the attitude it will generate, the optimism and positiveness by the 9,000 people it will employ—and in fact if 9,000 new jobs are had, each dollar turns over in our municipality five to seven



times before it leaves. Pull up our socks, present things people want, and sure we'll be busier. That's a lot of money, just with people who live here already.

**Mr Carr:** So there won't be any new jobs, though, added?

**Ms Stanciu:** No, but as chairperson of our BIA, we're very much concerned and involved in efforts to have this loop I think Mr Orman was talking about, with an old-style San Francisco car bringing people to different commercial areas. We're in the midst now of an ongoing beautification project which is just getting off the ground in Riverside, making it very attractive for visitors and residents alike. The upbeat, positive attitude that new jobs and opportunities are going to bring is going to help our area survive and thrive. I know it will.

**Mr Carr:** How about in terms of increased revenue? What would be the dollar amount that your members can expect to have in increase? Do you know?

**Ms Stanciu:** I couldn't even begin to guess.

**Mr Carr:** The government is saying that there will be 8,000 new jobs. There's been some difference. I think Dr Ragab, who was in, talked about some lower figures. What's your best guess at the number of jobs that are going to be created?

**Ms Stanciu:** I would side with Dr Ragab. With his experience, his concern for the community and the kind of research he does, if that's what he said, that would be so, in my opinion.

**Mr Carr:** One other question too: The government is saying that a lot of the people will be coming over here from the US and that there will be some spinoffs in terms of retail and restaurants. In terms of cost, how would you compare, and let's just talk of the retail sector percentages and then restaurants, versus Detroit? How much percentage lower or higher are we in retail and restaurants?

**Ms Stanciu:** Those are not figures I'd be comfortable even guessing at. I guess my thoughts run a little simpler than that. We each and every one of us have to make ourselves more attractive and more appealing to the tourists and to the people at home. I think, as in any negative situation or circumstance, you develop an attitude. We have merchants and business people who, justifiably so, have had a down attitude. I think you're going to see cleaner windows, better merchandise, better preparation of food, happier help, and all of that will work.

People, tourists from all over North America, want to have fun. That's the whole name of life in the 1990s: have fun. They're educated, they're family oriented. Provide a product that's first class, quality and an experience and they'll be there. As a city, we'll work together and do that.

**Mr Carr:** What do you think the public's perception is? We heard today, I think it was one of the presenters

in answer to one of Mr Kwinter's questions who said, "Regardless if it's right or not, the perception is that some of the problem of the cross-border shopping is that it is cheaper across." What do you think is the people of Windsor's perception and the people of Detroit's? Are we perceived here as being cheaper or more expensive?

**Ms Stanciu:** More expensive, but we have done it to ourselves through bad-mouthing ourselves in the media. I am a very positive person and I think life every day should be approached with a positive attitude. When we had provincial funding and had a program called the value assurance program, I chaired it for two years. The purpose of that was to give Windsor merchants an opportunity to compete for an award, establish a level of quality of service, along with quality of product, value for your dollar, that would make Windsorites want to stay home and in the long term attract US interest. It's worked, because we've been asked to put together similar projects for cities throughout Michigan.

**Mr Carr:** In terms of some of the things that we heard in terms of why people go cross-border, some of the retailers, when we've heard some of the presentations, said the big factors are the fact of the taxes on the booze, cigarettes and fuel. Mr Clinton may help with his new tax plan increasing the fuel, but has it been your experience that those are the three big items that people go across for and that we do lose some business because while they're over there they'll buy? Nowadays, of course, with the underground market, they're saying a lot of people aren't buying cigarettes in the States any more; they're just getting them from the black market here. But are they the three big items we're losing people going across for?

**Ms Stanciu:** Definitely, yes, and in the beginning that was the sole reason to go. It's gone on so long it's become part of the lifestyle. Hotels and entertainment complexes have capitalized on that. We won't get a lot of people to stay home, because it's part of what they perceive as a social experience. The savings to them represent an opportunity to stay in a motel, dine out twice more than they could have at home, and it's fun.

We all like to go away and have those kinds of experiences. I think now we have to realize the status quo—it's levelled off—and work in reverse, attract US visitors here visiting our casino and all of the things I mentioned that make this area so unique and special.

**Mr Carr:** Thank you.

**Ms Stanciu:** You're welcome.

**Mr Lessard:** Mrs Stanciu, I want to thank you very much for taking the opportunity and the time out from your business to make a presentation to the committee. I wasn't here when you first started out, but did you indicate the name and the location of your business?

**Ms Stanciu:** No, but I'd love to, the Village Boutique on Wyandotte Street East, in what was old Riverside.

**Mr Lessard:** I should give you an opportunity to put a plug in for your business. The committee members are here for a couple of more days and they might have an opportunity to come down and visit.

You've said that you went down to Biloxi, Mississippi, and you interviewed 50 people. You must have been fairly busy while you were down there.

**Ms Stanciu:** I was there for three days as a guest of the Grand Casino. I took the opportunity, for the city, I thought, for myself particularly, to develop an understanding of casinos, casino business, that would never have been made available to me otherwise. So I spent the whole time doing that.

**Mr Lessard:** Did you have any preconceived notions that you had before you went there that may have changed after you came back?

**Ms Stanciu:** Oh, sure. All those good books I've read, all those movies I've seen: They don't exist.

**Mr Lessard:** I don't know the books you've read or the movies you've seen, so maybe you could elaborate on that.

**Ms Stanciu:** Fellows with big necks from Chicago, that kind of thing. These were corporate managers. Most of their managers are younger than I am, 35 to 45, family people, community-oriented. They don't have to be anything else. They don't want to be anything else. If they weren't running a casino, they'd run General Motors or RCA. That kind of people were in charge of casino operations.

1630

**Mr Lessard:** In your list of questions that you asked, there are a couple I was fairly interested in and we as legislators are interested in because it ties in with what we're trying to do with this legislation, and that is, you asked, "What would you ask of the casino company and what would you ask of the city?" I wondered what some of the answers were that you came up with from that and whether you have any advice to us, as legislators, of the sorts of things we should be asking of the city and the casino company.

**Ms Stanciu:** In both Biloxi and in Gulfport they were very pleased that they had developed into their agreement the fact that yes, they were going to be good corporate citizens. It was nice to perceive them as nice guys. They're being forced to be nice guys by the way it was written, percentages to be donated to different causes. Even the religious people, that being a very Baptist-oriented area, have pulled in their horns and are realizing that money does make a difference in some of the changes they've been trying to make to make life better for people, so their attitude changed. I would just say write in what you want, write in all those things. They did and they're delighted.

**Mr Lessard:** We look forward to hearing any other suggestions you might have if you want to provide those to us in writing later on.

**Ms Stanciu:** I have lists and I can talk to you.

**Mr Duignan:** You are so positive and upbeat. I wanted to give one of my "Build it and they will come" speeches again, but I will resist that temptation. However, it is so nice to see such optimism and upbeatness, not only from your presentation but from the previous presentation and from many people here today. They're seizing upon the opportunity that we're providing the city of Windsor. Because the casino is not the end; it's a beginning. It's nice to see people like yourself and the previous presenters taking that opportunity and making it work, revitalising the downtown and using it to promote business opportunities in this city.

You raised a point about crime etc. As the chief said this morning, it is the legal responsibility of the Windsor police to deal with all criminal acts. The OPP will provide that internal surveillance etc, but when a crime is detected of course the Windsor police will be brought in. The OPP will be doing all the background checks etc on the individuals. That will be the role of the police.

Also, I want to clarify that our position is not that organized crime does not exist in Windsor. Our position is that we will have the appropriate processes, regulations, investigations, investigators in place so that organized crime will not find a place in the casino, indeed will not find a place in the suppliers to the casino, in fact anywhere in Windsor. Our message is very clear: If you're involved in that activity, don't come to Windsor, because you will not get any part of the casino operation.

**Ms Stanciu:** I don't live in such a protected environment that I don't realize it's not already here, but I guess I like to see advantage, and the fact that here we are, the first in the province, it may not be the place to come at all. It's being watched too closely. You're bringing opportunity, and most of us in Windsor realize that, but most realize opportunity knocks and it doesn't knock heavily. You have to open the door, let it in, grasp the chance, do what it is you do and do it well.

**Mr Lessard:** Exactly.

**Mr Kwinter:** Sandra, I'd like to outline your worst-case scenario. I'm just curious to know what you and groups like you are going to do to counteract it. Earlier today we heard someone mention the fact that people can come here to gamble, and they might bring their wife who doesn't like to gamble and she can spend the day shopping. The scenario I'm trying to portray to you is that this happens, but the wife spends the day shopping at Hudson's, and at night the gambler says: "Let's go out for dinner. We're going to go to Greektown." This is a reality. It's a reality of the proximity that we have to that situation. What is the guarantee that all of that is going to stay here and what is the community doing to ensure that happens?



**Ms Stanciu:** Nothing in my life has ever been guaranteed. I guess what I would think about is that in the evening, when they met with their friends, I would love to hear something like this happen, the wife of the friend saying: "Gee, it's too bad you didn't come with me. I went to lunch at the Hilton," or the Compri. "Windsor fashion business has organized the fashion show there. They're free; they're with lunch; they provide transportation to their places of business. You would've really enjoyed it. They have different things, pro-Canadian things, designers who are strictly Canadian. I've done some fabulous shopping."

If she were here day two, she'd probably come. We need to do that kind of promotion we're talking about. It will happen. We'll keep her here. If we don't get her the first day, we'll get her the second day or the next time she comes back. If they go to Greektown, let's hope they served a better dinner at the steakhouse, again with the same philosophy that if we don't get you today, we'll get you tomorrow. Our service and the quality of products we provide will be such that people will see that for themselves. Those are educated consumers out there.

**The Chair:** Thank you very much for making your presentation before the committee today.

**Ms Stanciu:** You're welcome. Thank you for listening.

WINDSOR CONVENTION AND VISITORS BUREAU  
CLEARY INTERNATIONAL CENTRE

**The Chair:** Our next presenter is Jonathan Deneau representing the Windsor Convention Bureau. If you would please come forward. Obviously there is someone else assisting you with your presentation.

**Mr Jonathan Deneau:** Yes, actually I have with me Mr Sergio Grando, who is the general manager of the Cleary International Centre. We're sharing our presentation, and collectively we will take about 15 minutes and then be able to answer any questions. I'll let Mr Grando proceed first.

**The Chair:** Very good.

**Mr Sergio Grando:** Thank you, Jonathan. That may not be the case. Since I have the mike, I may take the whole 15. But I do appreciate your allowing me this opportunity.

**The Chair:** However, you have 30 minutes altogether.

**Mr Grando:** Yes, we understand that. I was joking.

Good afternoon, members of the standing committee on finance and economic affairs. My name is Sergio Grando and I'm the general manager of the Cleary International Centre. First of all, I'd like to welcome you all to Windsor and thank you for the opportunity to speak to Bill 8, the Ontario Casino Corporation Act, 1993.

My interest in this issue is both professional and as

a resident of this fine community. As a general manager of the Cleary International Centre, which is a convention centre and a performing arts facility, I'm looking forward with great anticipation to Windsor becoming the pilot project for casino gaming in the province of Ontario.

What does this mean to the Cleary? In terms of the convention and meeting business, casino gaming will significantly improve our opportunity to increase business, thereby creating a positive ripple effect throughout the community. This potential new business will protect the provincial government's original investment in this facility, which was about \$5.8 million. It'll also protect the city of Windsor's investment. They contributed \$24 million. This increased activity will also reduce our annual operating deficit, which again helps the city of Windsor and by extension helps the provincial government's social contract, believe it or not.

Another positive benefit relates to the opportunity of expanded programming in the Chrysler Theatre, which is, as I mentioned, a 1,200-seat performing arts centre. By capitalizing on the anticipated large influx of visitors to the city, the Chrysler Theatre will afford the opportunity to showcase the very best talent from a wide variety of entertainment categories. These performances will be geared to both delight and stimulate our audience.

This is not to say that our community will be dependent on gaming for our cultural enrichment. However, by attracting new and larger audiences, our programming can become broader and more frequent, while providing a higher level of entertainment value.

All this increased activity fits perfectly with one of the main reasons why casino gambling is coming to the city of Windsor, and that is to revitalize the city's downtown. As this committee can appreciate, the Cleary is very dependent on a vibrant city centre.

The provincial government made a very wise decision by introducing Bill 8. Casino gaming is fast becoming an increasingly accepted form of entertainment in North America, as it has been for decades and perhaps centuries in Europe, the Far East and other parts of the world. For the province to sit back and do nothing as countless Americans and Canadian jurisdictions vie for gaming licences would be sheer madness. Why be a spectator when we have the chance to be an active participant, to participate at the threshold of establishing a brand-new, viable industry which continues to exhibit unparalleled growth potential?

A good example of this growth potential is the Foxwoods Casino in Leyland, Connecticut. I'm sure some of you may be familiar with that operation. This facility is located in a catchment area or basin, if you will, similar to Windsor. It's experiencing phenomenal growth. The casino posted gross revenues for the month of June alone of \$41 million; \$20.4 million of that was

profit. On an average for the month of June, that's larger than most casinos in Las Vegas. They estimate that by year-end they'll generate revenues of \$500 million.

Having such an opportunity as this is truly exciting and this type of business is desperately needed if we are to fuel economic diversification.

1640

We've all heard the question, "Why Windsor?" The counterquestion to that is of course, "Why not Windsor?" Windsor's perhaps one of the few, if not the only community in the province that makes sense as a gaming centre. The logic that bears this out, actually, can be reflected in a recent casino article that appeared in the Windsor Star which quoted a member of the provincial government. Here's how the quote goes, that "a casino will basically pick the pockets of local people."

The article also states that we should be building an upscale casino to attract the Japanese, Germans and wealthy Americans. This is a very fair and reasonable argument to make. In fact, this statement encapsulates precisely why Windsor by far is the best of all choices. After all, Windsor has access to the largest urban population of any Canadian city. Neither Toronto, Montreal nor Vancouver can lay claim to such a large resident market.

We have 4.5 million people within the Windsor-Metro Detroit area and over 6 million people within one hour's drive, and that includes a half a million people 30 minutes down the road in another state, Toledo, Ohio. Oakland county, which is just north of Detroit, with its 1.2 million residents, is reported to be the second-richest county in all of the United States. As you can attest, we are on the doorstep of an international market. The pockets of our local people will not be picked but hopefully will be filled through gainful employment. With this market potential, we may not even need the Germans or the Japanese.

It is anticipated that 80% to 90% of casino patrons will be foreign visitors bringing new dollars into our community, and that's very critical, the term "new dollars," as we can appreciate. In a city like Toronto or Ottawa, and I'm not picking on those two cities, but just as an example, you would indeed be picking the pockets of local people as well as merely recycling existing dollars. In fact, some people have stated that in the larger centres there would be no gaming space because all the space would indeed be occupied by locals and the visitor market would be virtually excluded. In Windsor, with such a large American market, you indeed have a bona fide source of foreign exchange.

Casino gaming will undoubtedly create a new and exciting industry for the province and the city of Windsor. This industry will provide a major boost to the tourism sector, which provincially has experienced little

or negative growth over the past several years. Locally, it will rejuvenate our hospitality and retail industries, particularly in the aftermath of cross-border shopping and a lingering recession.

I mentioned earlier that it would be economically ludicrous for the province to stand on the sidelines while other jurisdictions enact casino gaming legislation. Let me share with you but a few recent industry headlines:

"Hilton Hotels to Build New Orleans Riverboats;" "Kentucky May Take Position on Casino Gambling;" "Gambling Operations Move Closer for Rhode Island;" "Oklahoma Proposes to Establish Sports and Gaming Commission;" "Indiana Towns Hope for Casinos;" "Ballys joins Philadelphia Riverboat Speculation;" "Gaming Proposed to Fund Boston Stadium Complex;" "Missouri Casino Law Upheld;" "Harrahs Eyes Kentucky Derby Home for Casino Location." These are only about a quarter of the headlines that I extracted just from July 19 to August 9 of this year.

Clearly, if the province doesn't react, we will simply be surrounded by American and Canadian gambling jurisdictions. Such a lost opportunity is something that this province and city cannot afford to let happen.

It's understandable, even democratic, to have and allow for opposition on such a profound matter as casino gambling. However, I find it somewhat puzzling, interesting, if not ironic, that the Ontario Jockey Club has been one of the most vocal organizations opposing casino gambling, yet it has entered into a joint venture with ITT Sheraton Hotels to explore gaming opportunities in Ontario. I also understand they are one of the nine bidders for the permanent Windsor casino. I make reference to this only to reinforce my earlier point: There appears to be a wild feeding frenzy with respect to casinos. Everyone, including those vehemently opposed to gambling, is jockeying for a seat in the casino. I thought it was important to make that point.

In the matter of Bill 8 itself, I would concur with the suggestions and recommendations as presented by Mayor Hurst earlier today, which include issues like local representation on the Gaming Control Commission, the current age restrictions, and other language adjustments that, sincerely, this committee hopefully will take into consideration.

In conclusion, on behalf of the Cleary, I would like to thank the provincial government for selecting Windsor as the casino pilot project and, in particular, downtown Windsor as the interim and permanent site of the casino. Finally, I sincerely hope the government makes a sound business and economic decision by allowing Bill 8 to receive royal assent. Thank you for your indulgence, and perhaps I can answer questions after Jonathan makes his presentation, if that's okay.

**Mr Deneau:** I'm the general manager of the conven-



tion and visitors bureau and today I speak to you on behalf of our board of directors, which represents the views of the entire tourism industry, which includes Windsor, Essex county and Pelee Island. Our board is comprised of representatives from the hotel, festival, attractions and event sectors of the tourism industry and additional private and public sector organizations.

I must categorically state that we are in favour of the introduction of casino gaming within the province of Ontario and in favour of Windsor being selected as the site for the first pilot facility. In my address to you this afternoon I will outline for you why Windsor is an excellent location for a casino facility and why casino gaming in the province of Ontario makes good sense from a tourism perspective. I will not address the bill itself, only to say that we support the recommendations and comments made to you and provided to you this morning by Mayor Hurst.

First let me deal with, "Why Windsor?" Clearly, from a market standpoint and demographic standpoint, for anybody who does their thorough research, Windsor makes complete sense. We are a gateway city to the province from the United States. The bordering states of Michigan, Ohio, Indiana and Illinois alone represent a vast potential market with a combined population of approximately 37 million. Certainly, my figures may differ 1 or 2 million from an estimation standpoint from earlier presentations, but it's safe to say that it is a vast market of many millions of people.

One only needs to walk out the front of this facility and look north to see the phenomenal market that Mr Grando referred to earlier, that being Detroit, sitting only five minutes away, even less than that through the Windsor-Detroit tunnel and the Ambassador Bridge.

In Detroit we have Detroit Metro Airport, which is only 25 minutes from downtown and boasts 14 scheduled international outbound non-stop flights daily and over 100 non-stop domestic flights daily. Detroit Metro Airport is the United States' 12th- largest airport in terms of volume. It ranks 18th in the world and 14th in North America for landings and takeoffs. I bring that point to you just to show you the access that we have to the rest of the world and certainly to the rest of the United States, and I haven't included in those figures Detroit City Airport or Windsor Airport, which certainly would bring those numbers up substantially.

Comments have been made with respect to the tourism-related amenities and facilities located within our region. Our ability to provide tourists who are visiting or patrons visiting the casino with other things to do has been questioned, and I will let the facts speak for themselves. I've provided you with a copy today of an article written in Michigan Living magazine, which is the premier travel publication in the state of Michigan and has a circulation of a million.

The facts are that our area boasts 54 hotels and

motels, with over 3,100 rooms. We have 435 restaurant establishments, 92% of which are locally owned and operated and reflect the flavour and cuisine of our region. We have over 600 retail establishments. We have an abundance of viable family, cultural and environmental attractions right now at this point, including Pelee Island, Canada's most southerly inhabited point, Point Pelee National Park, Fort Malden National Historic Park, Colasanti's Cactus and Tropical Gardens, the sites that comprise a North American heritage tour, our wineries, and the list goes on. If you refer to the attractions and the events listed in the guide that I've also provided you, you'll see that there's quite a bit additionally to what I've just indicated here.

In Windsor we're not blind to the fact that we're not, and I paraphrase, as of yet a "destination of choice" for the majority of Ontario residents. We are, however, very well aware that we are a desirable destination for our neighbours in the bordering midwest states, and this, as I previously illustrated, is an extremely vast market. Again, read the article that was written by a resident of Michigan, a travel writer from Michigan, on this area, and it will give you a nice look at what their feelings are towards this area as a destination.

#### 1650

The statement regarding our positive image in the US market I have just made is not based on perception or speculation but on factual information. A recent study of the economic impact of tourism within our region indicated that we host in excess of three million visitors on an annual basis. Four studies completed between 1983 and 1992 consistently demonstrated that over 70% of our visitors come from the United States. The majority of these visitors originate from the state of Michigan.

In addition, 87% of all current group-tour motor coach activity to this region originates from the United States Midwest region. The primary purpose for those visits is sightseeing and touring. Again, for a destination that really isn't a destination, the perception from certainly individuals within the province of Ontario is that the number one reason for coming here is sightseeing and touring; two, visiting friends and relatives; three, shopping and dining; and four, visiting our attractions.

Collectively, visitors to the region spend in excess of \$316 million on such goods and services as accommodation, food and beverage, retail, transportation etc.

I'd like to now focus on the issue of casino gaming itself. I'd like to provide the committee with a few facts about tourism in the province of Ontario.

Spending by Ontarians on tourism accounts for 10% of disposable spending on goods and services and 8% of their disposable income. Tourism is one of the province's most important industries, ranking fourth in export earnings and sixth in income-multiplier effects.

It accounts for over 6% of provincial tax revenues and employs 6% of the employed persons in the province of Ontario—more than agriculture, utilities, mining and forestry combined.

In other words, tourism is an extremely important component of the economic health and vitality of the province. However—and this is a very, very large and ominous “however”—since 1984, Ontario’s share of the total US tourism spending has declined. It’s been declining at a dramatic rate and at a rate which has caused the Ministry of Culture, Tourism and Recreation to institute one of the largest programs ever of working with the private sector and all of its partners in developing a new strategy for tourism for the province. It’s a fast-track method due to the fact that tourism in the province is in such dire straits.

In 1981, Ontario captured 75% of Ontarians’ spending on tourism; in 1990, this figure was 61%, and it’s gone down since then. The combination of more Ontarians travelling outside Ontario and fewer Americans travelling to Ontario produced a provincial tourism deficit of \$3.3 billion.

I should note that the figures that are provided and the facts that I just gave you are from a June 1993 report entitled *Ontario Tourism in Perspective* which was prepared by your own Ontario Ministry of Culture, Tourism and Recreation. In other words, these are not our figures; these are the figures that are provided by the Ontario provincial government.

Clearly, one of the reasons this is happening, as outlined by this report, is the fact that we are being outmanoeuvred, we are being out-competed by our neighbour the United States. In other words, they have been expanding their competitive tourism product and the province of Ontario hasn’t.

One of the ways to reverse the trend is to provide tourism products that are desired by both US and Ontario travellers. Introducing casino gaming in the province of Ontario will not pick the pockets of Ontario residents. It is a proven, viable tourism product that we believe will attract large numbers of US visitors and generate significant new dollars into our local and provincial economies and will provide a new tourism product that will entice Ontarians to travel within the province.

I should note that over the last two years the main strategy for the Ontario ministry of tourism, the Breathers program, was designed for domestic travel. In other words, the marketing strategy for the province has been Ontarians. In here, what we’re saying is it’s an excellent product to keep Ontarians in Ontario travelling. I emphasize that point with this fact: 20% of Canadians who stay in the US for more than two days do so in order to gamble. These are extremely large figures.

The last point is that it will diversify and enhance our inventory of viable tourism amenities that will reduce or eliminate our unacceptable tourism deficit. I think we all agree that a \$3.3-billion tourism deficit is completely unacceptable.

There are many good examples of the positive effect of casino gaming. Unfortunately, in the press we haven’t heard that many. There are only a few bad examples, from which we should be learning, and we are learning.

We urge you to support Bill 8 and to support our community in its endeavour to prosper and benefit from the many features that casino gaming will bring. The city and the province really can’t afford not to.

**The Chair:** Thank you very much. We have three minutes per caucus.

**Mr Kwinter:** I’m delighted that I finally have some people who represent the tourism industry. I was interested in your comments about the deficiency in tourism revenues over the last few years. In the Windsor-Essex area, what has been happening to tourism, let’s say this year vis-à-vis last year? Up? Down?

**Mr Deneau:** Over the last 16 to 18 months we have seen a gradual increase in the level of tourism. There are many reasons for that, many reasons that we can control and some that we can’t control. Certainly the exchange factor right now being at the 30% rate is helping out.

In addition, part of the reason that we have seen a gradual increase is because the city itself, the county and Pelee Island have made a commitment to making this area a more viable tourism destination, and also spending a lot more money and allocating a lot more funds to tourism development.

This city has seen tourism as a viable tool for diversifying our economy. They’ve gone with it and they’ve run with it. They have supported the convention and visitors bureau to a great extent in operating funds. They’ve also made the \$24 million—I believe the figure was used previously—to expand the Cleary International Centre that we’re in right now. That alone has seen, last year, a 24% increase in convention trade in 1992, and so far the city is up marginally in 1993.

We are marginally better. We’re not anywhere near where we should be. Our hotel occupancies are at 48% or 50%. That’s totally unacceptable, from our standpoint. We’re working on getting it higher. We’re looking at this as a real opportunity to take what we’re planning and take what we’re doing and make it even better.

**Mr Kwinter:** Given the attractions in the Windsor-Essex area, how do you account for the fact that you only have 48% occupancy rates?

**Mr Deneau:** A lot of it has to do with the level of



supply of the hotel rooms. Certainly, since 1984 we've seen more than a doubling in the number of hotel rooms in this area. Another thing that's happened is that the level of corporate travel, which is very important to the hotels, has declined dramatically since the mid-1980s. The corporate travel isn't there, and that's one of the reasons you're seeing the problems with the airline industry, particularly the commuter aircraft, and why its numbers are actually down. Corporate travel just isn't happening any more.

We're also across from Detroit. Where you used to have the choice of staying in downtown Windsor or downtown Detroit if you were a corporate traveller, now you have the choice of hundreds of hotels in the outskirts of Detroit, and actually very nice hotels that service their clients quite nicely.

So we've increased our supply—there's been a phenomenal increase in supply lately, over the last four or five years, in this entire region—and it's also that the level of corporate travel has declined significantly.

**Mr Kwinter:** The reason for my questioning is that I have a concern and I've been expressing it all day long; that is, there may be a blip in Windsor if you're the first guy out of the blocks with your casino. If there's another casino that opens up in Michigan, particularly across the river, then it's a wash between the two and then you're back exactly where you were. You may have a marginally increased effort because you've generated more facilities and things, but the point I'm making is that all of the market is there now, all of the benefits that are in the Windsor area are here now; the only thing you're going to add is a casino.

Now, if you add that casino and you're the only game in town and the only game in the region, I agree: I think it's going to be fabulous and I think in the short term you may see some activity. I think you gave a list of all of the casinos that are proliferating all over the place, so my concern is what happens when it gets to the point there's nothing unique about a casino being somewhere, that everybody's got a casino. Then you're back to exactly where you were: What have we got to offer that someone else hasn't got to offer? Just because you say "Well, my casino is better than your casino," that may or may not be so. That is my concern.

1700

**Mr Deneau:** One of the things we're trying to address here and bring forth is that, first of all, the reports have been very clear that in this area there is demand. I can't question those reports, because I'm not an expert in the casino industry. However, the experts in the casino industry who have done the studying and have made the recommendations have indicated that there is more than enough demand in this area for one casino of 75,000 square feet located in this city. In fact, it has been stated that a casino located in Detroit would actually be complementary and, as opposed to reducing

our impact to a marginal impact, would actually increase overall the impact both on the city of Detroit and on the city of Windsor.

Part of my presentation to you today—the feeling is that there is nothing else here but a casino when it opens up, but we're here to say that we're a viable tourism industry. We have some very, very good amenities and facilities that, coupled with the casino, will make us a very, very strong destination. Somebody can open up a casino in Highland Park, but I would have a lot of difficulty in accepting the answer that a Highland Park casino will compete in any way, shape or form with the casino in Windsor, based on our additional amenities and the view that we have, the positive position that we sit in as far as a desired tourism destination within a five-hour drive from this area.

**Mr Grando:** If I may add to that, just to put it in perspective, in Las Vegas, Nevada, which is, as you know, the mecca for casino gaming, they've experienced phenomenal growth in the last five or six years, and it's within the last five or six years that you're seeing all these other jurisdictions get into the industry. There's just a tremendous pent-up demand for that form of entertainment. Like it or not, that is the reality of it.

**Mr Carr:** In terms of dollar figures, how many millions do you think having a casino is going to mean to your community?

**Mr Deneau:** We'd have to refer to some of the reports that have been provided. I could say that if we doubled the tourism trade, which is currently at three million, those three million will spend approximately \$316 million in the region. So if you were to double that, I think we're looking at an incremental expenditure of—using basic figures, if we were to double it, we'd double it to an additional \$316 million.

**Mr Carr:** You think that's what will happen with the tourism and convention business, that it will double as a result of the casino?

**Mr Deneau:** Our projections are that our consumer market and our group tour markets are going to go up dramatically, and in addition the convention market—the only thing that may hold us back is that we don't have enough hotel rooms or enough space. Part of it is also how we take the casino itself as an opportunity and run with it. Time does not allow, but we have the chairperson of the convention bureau who will be speaking to you in two days, I believe, who will outline to you the massive planning and work that's going on within the industry to make sure that we are prepared for the casino and to maximize the benefit, not only for the casino itself but for the central business district and also the entire region of Essex county and Pelee Island, which is part of our mandate.

**Mr Carr:** You mentioned that the Cleary centre has had an increase of, I think, 24%. I guess it's similar to

the hotels. What's your occupancy rate? How much of the time are you engaged with—

**Mr Grando:** To put it in perspective so you'll have a clear understanding, last year was our first full year of operation since we went through a \$33.5-million renovation and expansion program. To put it in the context of occupancy after only year one is not very fair in the sense that we have nothing to compare it to other than previous years, and previous years were dismal.

**Mr Carr:** In the year, 365 days, how much was occupied? Seventy-five per cent of the time you had something going on?

**Mr Grando:** No, we're not fortunate to be at that—I mean, there is a lot of room for growth. We're probably in about the 40% mark.

**Mr Carr:** With regard to conventions, which I think would be a big business, I know in Toronto the problem is that they're being beaten out because of cost. Toronto is a high-cost city versus some of the others. They just can't attract them, because when they come here and see the price of liquor and dinners, they never come back, unfortunately, for a lot of reasons.

But with regard to what we can do in terms of bringing conventions here, how much of an increase do you think we're going to see in that market, where people will say, "We have to have a convention, but we'd like to go to a place with something for the people to do, with a casino"? Specifically on conventions, how much do you think we can increase convention business coming into this area?

**Mr Deneau:** We're very optimistic on what we can do with the convention trade. We haven't come out with any specific projections yet on what's going to happen.

**Mr Carr:** Can we double it?

**Mr Deneau:** It's going to go up dramatically.

**Mr Carr:** Double like the tourism?

**Mr Deneau:** I could use that as a rough estimate, and we can't exclude the small meetings market, which is quite abundant. The Detroit area—as you're aware, the automotive capital of North America, potentially of the world, and all the feeder industries—has an abundance of corporate meetings that are going on at any point in time. You only need to look at the hotel inventory, particularly in the suburbs, and see the level of activity.

What we're feeling is that we're going to get quite a lot—I'm not wording it very properly—we're going to get our fair share and a substantial level of small-meeting business. The people who typically would meet in Southfield will come over and say: "They've got the casino in Windsor. Let's go over there. Let's have the meeting for the day, and then we're going to go and enjoy the casino."

That is certainly what has happened, particularly with

the river boats in Illinois, that the corporate meeting business of those cities has gone up dramatically.

**Mr Grando:** If I could add to that, it would be a door opener, big time, for us. Right now, realistically, Windsor's not a mecca destination for convention centres; we're aware of that. We've only been marketing it in any meaningful way the last four or five years since we knew that this facility was going to be built. That's when we really started to push forward with our plans back in 1988. It does take time and a while to get everybody acclimatized that we exist. Having an entertainment forum like a casino or gambling in this area will perk people's attention. There's no question about it, and the fallout from that I think will be dramatic.

**Mr Duignan:** I had the pleasure of listening to most if not all of the people making presentations here today, and while some people have expressed some concerns about some aspects of Bill 8, whether it's in relation to the crime aspect or exact number of people who are going to visit this city over a period of time, I have been struck by the optimism and the enthusiastic support of people wanting to get on with doing something. Here's an opportunity to do something.

I know my friends in the opposition here have expressed that they're not opposed to casinos. Well, let's get on with it. Let them come out today and say, "Yes, we support bill 8. Let's look at the structure; maybe we can do something with that. We support casinos. Let's support Bill 8. Let's support the people of Windsor and get on with building the commercialism back into the centre of this town again."

I just want to ask, following up on some of the questions, for the record, what size conventions does this convention centre hold, roughly?

**Mr Grando:** The market we're going after is somewhere in the 500- to 750-delegate range, which is just below the midrange of your norm in terms of market segmentation.

**Mr Duignan:** How large a market is that in the United States? What's the dollar value?

**Mr Grando:** That's the growth market; small to midrange conventions is the growth market. That means a convention that has 10,000 delegates is not going to get 20,000 delegates. It's going to be 10 or thereabouts. It's the small to midrange that is the growth market.

**Mr Duignan:** How big is that market in the United States, in dollar terms? Do you have any idea?

**Mr Grando:** In the United States? You hear and read about figures that range anywhere from \$80 billion to \$280 billion and everything in between. To put a handle on it, I don't think they've ever really done it in any scientific way other than to guesstimate.

**Mr Duignan:** Even a small fraction of that business would be an enormous boon to this community. I think



you have the ability and certainly the city of Windsor has the attractions to get that business. Are you formulating any plans right now to go after that particular business in the United States?

**Mr Grando:** Actually, we've been going after that market for some time. We have a convention sales representative out of the convention and visitors bureau that strictly promotes convention business to the city of Windsor in the Chicago and Washington, DC, association markets. We're dedicating a lot of funds and a lot of effort in that area. This person began this process I believe in January or February of this year, and we're already starting to see some future bookings as a result. We've been doing that for some time.

**The Chair:** Thank you very much for making a presentation. Mr Lessard, I've been very generous—we've gone over—but if you could be very quick.

**Mr Lessard:** One brief comment. Being a long-time resident of the city of Windsor, I've always gotten this

perception that the difficulties we have attracting tourists is that nobody's aware of where we are and what we have to offer. All we need, really, is an opportunity to get them here in the city and see the place and experience it, and they'll tell their friends and want to come back.

As to the argument about what about a casino in Highland Park, I would think that if the committee members took a trip to Highland Park, they would get the idea that it doesn't have that same attraction that Windsor has. Those are my comments. Is that short?

**The Chair:** Thank you, gentlemen, for your presentation today. That ends the hearings part of our committee today.

This committee is adjourned until tomorrow morning at 9 o'clock.

The committee adjourned at 1710.







*Continued from overleaf*

## STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

**\*Chair / Président:** Johnson, Paul R. (Prince Edward-Lennox-South Hastings/  
Prince Edward-Lennox-Hastings-Sud ND)

**\*Acting Chair / Président suppléant:** Mills, Gordon (Durham East/-Est ND)

**Vice-Chair / Vice-Président:** Wiseman, Jim (Durham West/-Ouest ND)  
Caplan, Elinor (Oriole L)

**\*Carr, Gary** (Oakville South/-Sud PC)

Cousens, W. Donald (Markham PC)

Jamison, Norm (Norfolk ND)

**\*Kwinter, Monte** (Wilson Heights L)

**\*Lessard, Wayne** (Windsor-Walkerville ND)

Mathyssen, Irene (Middlesex ND)

North, Peter (Elgin ND)

Phillips, Gerry (Scarborough-Agincourt L)

Sutherland, Kimble (Oxford ND)

*\*In attendance / présents*

### **Substitutions present / Membres remplaçants présents:**

Abel, Donald (Wentworth North/-Nord ND) for Mr North

Callahan, Robert V. (Brampton South/-Sud L) for Mrs Caplan

Dadamo, George (Windsor-Sandwich ND) for Mr Jamison

Duignan, Noel (Halton North/-Nord ND) for Mr Sutherland

Eves, Ernie L. (Parry Sound PC) for Mr Cousens

Martin, Tony (Sault Ste Marie ND) for Mr Wiseman

McClelland, Carman (Brampton North/-Nord L) for Mr Phillips

Mills, Gordon (Durham East/-Est ND) for Mrs Mathyssen

### **Also taking part / Autres participants et participantes:**

Duignan, Noel, parliamentary assistant to the Minister of Consumer and Commercial Relations

Kormos, Peter (Welland-Thorold ND)

**Clerk / Greffière:** Grannum, Tonia

**Staff / Personnel:** Murray, Paul, research officer, Legislative Research Service



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Third Intersession, 35th Parliament

## Assemblée législative de l'Ontario

Troisième intersession, 35<sup>e</sup> législature

# Official Report of Debates (Hansard)

Wednesday 18 August 1993



# Journal des débats (Hansard)

Mercredi 18 août 1993

**Standing committee on  
finance and economic affairs**

**Comité permanent des finances  
et des affaires économiques**

**Ontario Casino Corporation Act, 1993**

**Loi de 1993 sur la Société  
des casinos de l'Ontario**

Chair: Paul R. Johnson  
Clerk: Tonia Grannum

Président : Paul R. Johnson  
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## STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Wednesday 18 August 1993

The committee met at 0859 in the Cleary International Centre, Windsor.

## ONTARIO CASINO CORPORATION ACT, 1993

LOI DE 1993 SUR LA SOCIÉTÉ  
DES CASINOS DE L'ONTARIO

Consideration of Bill 8, An Act to provide for the control of casinos through the establishment of the Ontario Casino Corporation and to provide for certain other matters related to casinos / Loi prévoyant la réglementation des casinos par la création de la Société des casinos de l'Ontario et traitant de certaines autres questions relatives aux casinos.

**The Chair (Mr Paul R. Johnson):** I'm bringing the standing committee on finance and economic affairs to order. Welcome, everyone, to the third day of hearings in Windsor.

## WINDSOR AND DISTRICT LABOUR COUNCIL

**The Chair:** Our first presenter is the Windsor and District Labour Council, Nick LaPosta, if you would please introduce yourself.

**Mr Nick LaPosta:** Seated next to me is the manager of the CAW legal services plan here in the city of Windsor, Mr Joe Comartin.

**The Chair:** Welcome to the committee, and if you would like to start your presentation, you have 30 minutes which you may use entirely to make your presentation or save a portion thereof for questions.

**Mr LaPosta:** First of all, I'd like to say that you've handled the last name very well. It is LaPosta instead of LaPasta as a lot of people refer to me. So I'm impressed right off the bat.

I'd like to say to everybody here today that I am the financial secretary-treasurer of the Windsor and District Labour Council, the house of labour here within the city of Windsor, as well as the financial secretary for CAW Local 195 in the city. Seated next to me, as announced earlier, is the manager of the CAW legal services department here in the city, Mr Joe Comartin. Mr Comartin will be giving the presentation to the committee here this morning because our president, Gary Parent, as well as Larry Bauer, president of CAW Local 444, who are actually a part of the Windsor casino project team on behalf of labour, are currently in Toronto negotiating with the Big Three contract talks that are under way. In his absence, we're pinch-hitting, so to speak.

First, I'd like to give a brief history to the committee and say thank you to each and every one of you for this opportunity for us to make this presentation. The Windsor and District Labour Council was approached

early in this game when the casino talks first hit the airwaves and when it was first mentioned that a casino project team for the city of Windsor should be put together.

Obviously, labour responded, by putting together the team of Mr Gary Parent, Mr Larry Bauer and Mr Joe Comartin to represent labour at these hearings. I must say we've met with almost every aspect of the casino project from the so-called people who are interested in religious concerns within our city, the Downtown Business Association, city council, the mayor, and countless groups that are interested in seeing Windsor excel rather than revert as a result of the economy and the situation we're in.

We've been at this since the beginning. It's been a long, tiresome road. We'd like to see it really go a little bit faster, and we thank the government for moving as fast as it possibly can. We understand that once we get through these hearings we can actually get to the meat of the situation.

I'd also like to go on record as saying that the Windsor and District Labour Council is totally behind the casino, the casino project team and the Downtown Business Association in welcoming the casino here to the city of Windsor. We think it's the step in the right direction to help us get back on track.

Having said that, I'll turn the microphone over to Mr Joe Comartin, who will make our presentation in total.

**Mr Joe Comartin:** Thanks, Nick, and thank you, members of the committee, for allowing us this opportunity. We felt it was important. When I say "we" I should say I'm speaking on behalf of the labour movement and in many respects in Gary Parent's name at this point. It is unfortunate he couldn't be here because as with myself and Larry Bauer, we have been intimately involved from the beginning. I have cleared these statements with Gary so that I'm not speaking out of turn, although I am a little uncomfortable speaking on his behalf on something as important as this.

I want to start by saying there were two major reasons why the labour movement in this community got involved in the casino project. The first one, which I don't think will come as any surprise to any members of the committee, was the need for job creation in this community. The second one, and closely tied to it, was our view of the developments or lack of same in the downtown area. We had a downtown core that was seriously impacted, and I think I'm repeating some things you may have already heard, by a number of



issues, not the least of which was the cross-border shopping and the recession we're going through. What we saw was a core that we had made attempts over the last 20 years to keep vital and we're in effect seeing it deteriorate. For those two reasons we were anxious to get involved, we were pleased to be invited to be involved, and I think it's fair to say, without being egotistical, that we played a significant role in getting the casino here.

I want to go back, then, to the issue of job creation, because if I go away today with nothing more than having convinced you about the need for speed, then we'll have accomplished why we came here. Windsor is currently faced with a Statistics Canada unemployment rate of about 14%. We're hovering at about that and we have been for quite some time. The real rate is at least several points above that and it may be into the low 20s. It's chronic because of the restructuring that's going on in the auto industry and, I guess up to this point, our inability to diversity into other types of economic activity.

We see the casino as a major step in making that diversification occur. Our initial thrust was to say to people: "There are going to be some problems with this. We believe those problems are not insurmountable and the positive side is overwhelming." We believed that when we made those statements, when we first got involved. That's only been confirmed as we've worked our way through this process.

I think it's important to try and personalize the impact, and you're going to hear some more of that today, of employment. We have a large number of people and agencies in this city who are working with food banks. I mean, it's that desperate, and we just can't seem to break out of it. So when we come with our support for the casino, it comes from that very simple base. We have a lot of people whom we know personally, intimately, who are not employed, who have few prospects for employment.

We believe it's important that the casino impact on this community be understood, and we believe we do understand what it's going to do to our community. We do not believe, however, that there is any need for further study. We think it's time to go ahead. We want the interim casino open by the end of this year. We want the permanent one built and operating as quickly as possible.

We are not being naïve; let me assure you of that. We understand some of the problems. We understand the need for security, for monitoring and for ongoing study, but there is no more need that we can see for study at this point that would delay implementation. The jobs are badly needed in this community and we're in effect asking this committee to realize that, and although you may have, individually, some reservations, put them aside, make the job creation the top of your priority list.

With regard to the second point as to why we got involved, I've already made some comments about what we saw happening, and I'm assuming that you've heard some of the figures about the number of stores that are closed downtown and the problems that the local restaurants, hotels and merchants are having in the downtown area.

What we saw was that if we get the major influx of tourists that is expected, and I don't think there's any particular doubt that this is going to occur in the 10,000- to 12,000-a-day range, on average, if that happens, there was a need to develop a two-part strategy. As we saw it, it was the initial one of being sure that the local businesses benefited immediately. We've opposed from the beginning the concept of the black hole, the self-contained unit that would have a large casino, hotels and restaurants and shops all contained within it.

For those of you who know this area, I always think, when I think of that concept, of the Renaissance Center just across the river. They literally built a wall around that, and to some extent, if you did a self-contained unit here, that's what you would be doing in Windsor. Because we advocated that position strongly as we went, we were pleased that ultimately we convinced the province that this was the appropriate way of doing it.

0910

I think the other thing that we convinced the provincial government of as we went, even though I will give it credit that it accepted this from the beginning, was that there was a balancing that had to go on here between maximizing the amount of profit that the casino could make for provincial coffers and the need for economic development, that those two were not always in tandem, that there were times they would be in conflict.

What we were saying to the province and continue to say to the province is that if the decision has to be made to take a little bit less profit so that the local community develops, and particularly the downtown community develops, then do that. I suppose the bottom line is that what we're saying to the province and to this committee is that there is always a fear within our group of the province being too greedy. We're asking you to be considerate of that throughout the process, and I don't mean that as we lead into developing it but as we go on an ongoing basis, not only for this casino but for others that are coming elsewhere.

The other point I want to make with regard to the short-term and long-term strategy is the need to build, especially in the longer term, a strategy that would allow us to work beyond the downtown. The short-term was: Get the restaurants, hotels and merchants here strengthened; get the shops that are closed now and vacant open and operating; and as we're doing that, begin to work out and implement a strategy that will allow some of the other tourist attractions we have in

the city and the county to feed off the casino so that we have the maximum amount of job creation and economic development.

I think, I suppose, of part of the pressure we brought to bear on making sure that the Windsor Raceway was viewed as a vital element in getting the casino operating here and then being able to feed off it. We all recognized, even before we began discussing the casino concept, that the raceway was having serious difficulty in functioning. We think they can make some major headway in revitalizing their industry, expanding it even, if the casino people set up the proper relationship between those groups.

But it moves beyond that. I'm optimistic. I personally, and I suppose I'm speaking beyond what Gary would say at this point, have always been interested in trying to develop further theatre in this community. We tend to rely a lot, because of the size of the city we have across the border, on moving elsewhere for our entertainment. The casino can be a catalyst for developing that industry. That's a major job creation if one studies the effect that small theatre and small professional theatre can have on a community, so we're hoping that can.

We have other tourist attractions. We have a major wine industry in this county that can benefit in the long term by the tourist industry being expanded in this county. Those examples go on. We have Point Pelee National Park that can be a tourist attraction.

The bottom line for us was that we can revitalize the downtown, can revitalize in many respects the tourist industry in this county to a significant degree. We can be a centre for tourists, recognizing that we probably will never acquire the status of Niagara Falls or maybe even Ottawa, but we can attract those two- and three- and four-day tourist visits and in the process achieve what we started out to do, which was to create jobs and revitalize the downtown.

I just want to say a few things about process. I'm doing this really specifically at Gary Parent's request. We feel that we learned some things as we developed the project here in Windsor. We believe that process is one that generally, with some flexibility, can be passed on to other communities. I don't think it's unfair or inaccurate to say that had we not built a coalition, a partnership, within this community, we would not have got the first casino.

When we started, and again I may be repeating some of the things you've heard but I want to say it, we had representatives at high levels within the business community, city council, the labour movement and community groups, including educational institutions. I think that model is one that would have to be used, with some variations depending on the demographics of the local community, in each one of the communities.

If you attempt to implement a casino—maybe “impose” is a better word—in another community without that process, there is going to be, I think, inevitably a very strong reaction. We never had it because I think we proceeded in a cautious way—I was going to say “in a conservative way” but that's probably the wrong terminology to use in this committee—to make sure that the community was with us, that it understood the positives and the negatives, what the positives were going to do for this community and how we were going to deal with the negatives.

On Gary's behalf, I want to say that if that's not done elsewhere, I would anticipate the community not reacting in an appropriate fashion. If the master plan or a master concept is not first developed before implementation, I think inevitably the downsides become more prominent.

Let me talk about the negatives, because as we saw it, and I suppose still do, there were three of them, one that surfaced fairly recently and is probably just a local one. The initial one that we saw was the security issue, both in terms of organized crime and street crime. I know you heard from our chief yesterday and I think it's important that the labour movement indicate where it is on that issue.

I think I can summarize it in this fashion: We've looked at both of the reports on the issue of how many additional police officers should be funded by the casino project, and I suppose at this point what we have to indicate is that although there are some reservations we have with regard to the police services board presentation and report from Windsor, we generally agree with it. We think the number of police officers that are being sought there are somewhat high. We feel the best way of dealing with this is to start the process. We have the 12 officers in place, they're coming into place at this point. As we go through the process with the interim casino, which of the two analyses is accurate should show quite early. By the time the permanent casino is ready to open, we should know and our position will be that at that time there will probably be a requirement for additional funding of the police forces in this community.

I don't want to be overly critical because, in many respects, we have to do the test. It's good that we've recognized the problem. It's good that we are beginning to put into place a response to those problems so they can be dealt with before they get out of control, but the only way we're going to know for sure is to proceed. So again, hankering back to some of the comments I made at the beginning, it's important to get the thing operating, to get the interim casino operating, because that's the only way we're going to answer that issue.

I feel confident that the structure that's being put in place, with regard to what we call the bifurcation process, of having controls built in at the provincial



level, both on the operation of the casino and the security around the casino—from looking at the other jurisdictions, and I have done a fair amount of research on that across North America, it seems to me we have a model that is appropriate for our history of crime and should more than adequately deal with any potential for organized crime infiltrating.

The issue of street crime: As I say, the only way we're going to know that is by starting into the process and running the test. I have every confidence in our local force that they will continue to advocate for what they need, and I'm optimistic the province will respond once it is established that in fact additional forces are required.

0920

We are less sympathetic to the province's position with regard to the issue of dealing with compulsive gambling. I think it's fair to say that Gary Parent was the first individual I heard speak publicly about the need for the casino to fund education, prevention and treatment for compulsive gambling. I want to assure you we're not naïve. We have a lot of bingos in this community. We have a racetrack in this community. Our members buy lottery tickets. We understand that people in a small minority of cases have problems in dealing with that.

The labour movement in this community has dealt with compulsive activity in the form of alcoholism and drug addiction. They're quite capable of understanding that concept and in fact do. They similarly understand the concept of compulsive gambling and that it can be dealt with. They're supportive of that. In fact, they're insistent upon it.

One of the things we think is going to happen, and I'm sure you've heard this argument, is that because so much of compulsive gambling is hidden at this point, the opening up of the market will bring some of that to the fore and more people will get treatment who absolutely need it. We believe that strongly, but we also believe strongly that at this stage we need the casino project team and the minister to put into place funding, services, deal with it and go public with it.

I know that the minister, when she appeared here on Monday, indicated she was about ready to go to cabinet with that. We applaud that. We encourage her to speed the process up in that regard. The interim casino should not open without a commitment to funding.

I was happy to see in the Coopers and Lybrand report some support for what has been always my belief. I think I'm fairly intimately knowledgeable with the psychological, psychiatric and generally the social services that are available in this community, and I was happy to see that Coopers and Lybrand made the same response that I felt was appropriate.

We have the professional people here to deal with

this. They need some upgrading in some cases and they certainly need funding, but we can deal with it in this community. Just make the commitment. That's what I'm saying to the province. Make the commitment and the people who can deal with these problems will be in a position to do it.

If I can speak directly to the minister, I encourage her to get to cabinet as quickly as possible and get that commitment made and have it made publicly.

The final point, and I have to indicate this is probably a local one and it has surfaced really only in the last few weeks, is that I don't know how many of you are aware that the city and county are going through a process of trying to reconfigure our health services. In the interim report that is out now from the steering committee, there are recommendations with regard to various scenarios of closing of hospitals in this community.

One of those scenarios includes closing both hospitals that are in the core area, namely, Grace hospital and Hotel Dieu. There is a letter that either has gone or is going shortly from the steering committee to the minister asking for information and input with regard to the impact of that many more people coming into our downtown core if we don't have an emergency room, and that's at least a possibility. So we are raising that publicly now for the first time, and we are saying that is one area.

I want to go back. This is not something that's going to require a great deal of work. We believe from looking at other communities that have casinos that we can get information fairly quickly on whether that is something that should be considered in the ultimate decision of how we're going to close the hospitals or which ones we may be closing.

There may be other ways of dealing with emergency services, I should add, but that's one that is a local problem that has to be looked at in the next couple of months.

Those are all the points I want to make. Let me conclude by saying that we are supportive of the legislation. I suppose I have to say that as a lawyer, I would like to see the regulations, and I know those will ultimately be coming. There are some comments I may have at that point, just wearing my lawyer's hat, but at this point we feel the legislative structure that's being proposed to be put into place is appropriate. It's as good as I can see elsewhere in North America. We've learned from the experience in the other major jurisdictions.

I should indicate that I personally have spent some time with the casino project team on this issue, making representations in some detail. I think that as we see the regulations come out—at least I'm hopeful because of the attitude they've expressed to me over the last number of months—we will see a regulatory function

here that's as good as anything in North America and an appropriate one to deal with the problems.

Making that assumption, we therefore want to indicate to this committee that we are supportive of the legislation. We want to emphasize the need for speed. We do not see any justification—again, we're not naïve—for any further delay. Hopefully, this legislation will get passed in the fall and we will go ahead with the opening of the interim casino at the end of the month and the permanent one shortly thereafter.

**The Chair:** Thank you, Mr Comartin. We have less than four minutes and we're going to start with Mr McClelland.

**Mr Carman McClelland (Brampton North):** Mr Comartin and Mr LaPosta, thank you for being here this morning, gentlemen. We appreciate your presentation. Joe, particularly. I'm not sure the time affords us much time for response, but just by way of comment, I'm not suggesting for one moment that you would be suggesting that the committee hearings be delayed, but you indicated that you had some reservations and that we should perhaps just put them aside.

Let me, if I can, tie that in with another comment you made, Joe, and that was that you made reference to not only this casino but others that are coming—in all probability will be coming—elsewhere in the province should the agenda of the current government be fulfilled over the course of time. I can share the sentiment, if you will, and certainly sense as we're visiting here, the importance for this community in the sense that you have to get the casino operating. But you indicated that you do have some reservations.

I can say to you that in terms of this process, we know it was driven out of a ministry that is not now handling it. It was initiated out of the Ministry of Revenue. It then went to a ministry, and then after the decision had been made, in effect, the process was put in place to begin the study and put it together. It's in that context that we are here, and we'll be travelling elsewhere, to ensure that a number of the reservations you made reference to are dealt with, whether it be in the legislation directly or some commitment—that would be our preference, might I say—or subsequently in regulation.

By way of example, provision for the compulsive gambling issue that you spoke of; by way of example, changing the age limit that so many people have said is appropriate; another example, if you would look to the secondary industry, the secondary economic spinoff—we had representation from the restaurateurs yesterday.

In that context, I guess it's sort of a chicken-and-egg process, Mr Comartin, but we would say, in all sincerity, that notwithstanding the fact you may see a delay, we don't want to just put the reservations aside; we want to have the reservations responded to and answered.

You made reference to the headline you see in today's Toronto Star. You can understand that in terms of our responsibility as opposition and as legislators generally, it's not sufficient to put the reservations aside, but rather to have them responded to and dealt with. I know you understand that and I know you recognize that, but I just wanted to say that by way of comment. As we come here as the opposition, we feel there are some questions that need to be answered. We have to have some data available to fulfil our job and to do the job not only for this project, but as you so rightly say, for the rest of the province.

There is no doubt that the die in many respects will be cast with respect to what happens with the Windsor project. Much of what happens here will be pivotal for the rest of the province. Therein, if you will, lies what you may see as delay but what we see as fulfilment of a significant responsibility to ensure that it is not only done but done well and as best as it possibly can.

Thank you, sir, and I appreciate you being here and I appreciate your bringing your concerns to our attention.

**Mr Comartin:** May I just respond to that to this degree?

**The Chair:** Very quickly, sir, if you will.

**Mr Comartin:** Just a quick one, because I understand what you're saying, Mr McClelland, in the sense that I went through that as well. I guess I have some advantage because I've spent the last 18 months, a great deal of my time, researching this. The bottom line for me was that in some of the issues you've raised, and I won't go through them because we don't have time, there's no way of getting an answer. You're going to get all that data, you're going to get conflicting opinions on them. Because we don't know what the experience is in Windsor or in the province, we actually have to run the test.

0930

**Mr McClelland:** But surely you understand that we have the responsibility to canvass those and to have as much data available as possible before a decision is made.

**Mr Comartin:** That was the second point I wanted to make. A lot of the things that are going on at this time in this city in these four days are a repeat. You should appreciate that. We have had a lot of hearings, if I can put it that way. I think it's really important for these committee hearings to be going on elsewhere. You're going to learn a lot, I think, in this four-day process which hopefully you're going to take with you as you go to the other communities.

Remember, I talked about that organizational process that a community has to go through. The committee hearings will help facilitate that when you go into the other cities that you're going to. People have said to



me: "Why bother? We've been through all that in this community." My answer to that is, in part we're educating you so that you can take information elsewhere. So I'm not opposed to it.

**Mr McClelland:** That's the purpose of this. Hopefully, it's a two-way street. Thank you.

**The Chair:** Mr Comartin, Mr LaPosta, thank you very much for presenting before the committee.

#### WINDSOR DOWNTOWN BUSINESS ASSOCIATION

**The Chair:** Our next presenter is the downtown business improvement area; Kurt Deeg is the chair. If you would please come forward, sir, and make yourself comfortable.

Mr Deeg, welcome before the committee. You have 30 minutes to make your presentation. You can use all that time for your presentation or allow some of it to be used for questions. If you'd like to proceed.

**Mr Kurt C. Deeg:** Good morning. Please accept my heartiest welcome to Windsor as the initial venue for these important proceedings. I'd also like to take this opportunity to thank you for allowing me, on behalf of the Downtown Business Association, to voice our opinions and thoughts regarding the casino project for Windsor.

My entire working career has been in the hospitality industry. My professional experience was gained in such markets as Switzerland, France, the United States and Canada. Since 1967, I've been operating two restaurants in the downtown core, and like so many other communities, we've seen our ups and downs, but the past five years have been the most challenging of my entire career. It has certainly been nothing short of an exercise in survival.

It is not my intention to dwell on negativity. However, I feel it is important to explain the events which have led us to today.

In the late 1980s, the extreme change in the value of the Canadian dollar versus the US dollar has led to what we now know as the cross-border shopping phenomenon, with its devastating effect on the economy of border communities.

Totally unexpected, congestion at the border crossings further complicated the situation, and since our American visitors were subjected to the inconvenience of long lineups and waiting periods at the border crossings, these visitors, who traditionally generated somewhere in the vicinity of 50% of our economic activities in downtown Windsor, were inconvenienced and changed their patterns to more convenience-oriented locations.

In our own experience, we lost approximately 70% of our US trade, which reflected in a downtrend at that time of some 35% of volume.

The onset of a very severe recession, which obviously has not ended yet, and the introduction of the GST by the federal government certainly did not add to our

economic wellbeing. Therefore, when the government of Ontario, on October 6 of last year, announced that Windsor would be the site of the pilot casino in Ontario, the first glimmer of hope appeared on the horizon, and here we are.

Obviously, this announcement triggered a number of questions: Where? Why? Who? When? How? Questions of safety, security, social impact, traffic problems, law enforcement, and impact on the local retail hospitality industry and tourism sectors were only a few of the questions which needed addressing.

Under these circumstances, though, after the announcement, such a problem we should have. We welcome the challenge, and let me assure you the community is embracing these challenges. With the leadership in the hands of our mayor's office and input from every possible segment of our community life, we shall make this venture a great success for everybody.

I'd be remiss in not lauding the positive partnership that has developed between the provincial government, its agents and representatives and this city of ours. It is gratifying to experience such a united and mutually beneficial effort to come into being, and I, as a member of the downtown business community, certainly appreciate this.

All this will have a tremendous and dramatic effect on the economy of Windsor and Essex county. New job creation expectations of between 6,000 and 8,000 people alone will give Windsor a great economic boost. In this vein, Employment and Immigration Canada and St Clair College are to be commended for their initiative in training and preparing skilled men and women to fill the personnel requirements of the casino and the related spinoffs.

We're certainly appreciative of the fact that the province has applied great sensitivity to the design of the casino, as it is to be a complement and not a competition to Windsor's hospitality and retail sectors. The size of the hotel, as part of the casino design, again is such that the recovery of the existing hotel infrastructure will have an opportunity to benefit prior to the opening of the new hotel facility. We do appreciate the sensitivity in designing the pattern for the project.

It is very important, though, that these terms, as outlined in the request for proposals, which have been designed to have the existing infrastructure benefit from the casino operation, are properly safeguarded. I'm referring to the relative minimal retail component, a limited restaurant component and a limited hotel component in the casino project as a whole.

Our understanding is that the specifics regarding the number of restaurant seats and retail space are defined to include the whole casino complex and not merely the casino itself. The point I'm trying to make here is that the limitations as set out in the proposal call, as we

understand it, do include the whole 13 acres of the project. I've had input from some of our members that said: "Well, if the casino only has, for argument's sake, 300 seats, with 3,000 gaming places, what happens when the hotel opens? Will they then have a 1,000-seat dining room there?" So this is the point I'm trying to make, and these limitations should be safeguarded in order for the community and the infrastructure that is in place now to be able to benefit from it.

As much as we would like for the casino to have opened yesterday, we do recognize the importance of the province's and the city's attempts to be cautious, absolute and thorough in the process of bringing this project to successful fruition. I'm extremely happy to report that since the selection of downtown Windsor as a location for the interim casino, economic activities have heightened considerably. Not only inquiries but actual plans for new stores and restaurants as well as expansions of existing facilities are at this very moment in progress. As mentioned earlier that a glimmer of hope had arrived on the horizon, we at this time can see a fair amount of light at the end of the tunnel.

As Windsor's central business district, we're only too happy to continue to work closely with both provincial and municipal governments for the benefit of our entire community.

It seems that you as politicians are continuously asked to do things for others. When you do so, it is very rare that anyone ever takes the time to express thanks. I know much work has gone into this casino project, which we all know will bring Windsor the long-awaited economic recovery.

On behalf of our 800-some-odd members of the Downtown Business Association, I'd like to offer our sincerest gratitude and appreciation for the efforts which at times were well over and beyond our expectations. We are betting on Windsor. Thank you, thank you, thank you. I welcome the opportunity to respond to questions that you may have.

**The Chair:** Thank you, Mr Deeg. We have about seven minutes per caucus. Mr Carr.

**Mr Gary Carr (Oakville South):** I was interested in how much, dollar-wise, economic activity you see for your group. Do you have any estimate of how much?

**Mr Deeg:** For the downtown business community?

**Mr Carr:** Yes. How many millions will be pumped in; any idea? Have you heard any figures?

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**Mr Deeg:** I'm an optimist, but I'm a realist as well. If we can expect a 15% to 25% increase in economic activities in the area, I personally will be quite happy. Give me people on the street and it's up to me to do something with this condition. When there's nobody downtown, then outside influences obviously have an effect on my different activities.

**Mr Carr:** You must know the total amount. If you got a 15% increase, what would that translate into in dollar figures? You probably know what your total is now.

**Mr Deeg:** Again, I think there are better sources available than mine. I can only speak from my own, personal business expectations. I do not have figures that will relate to terms of economic activities. I can tell you what our job creation figures could be.

**Mr Carr:** What is the figure?

**Mr Deeg:** Job creation figures in the downtown area: It is not unrealistic to expect possibly, just in the downtown area, an increase of 2,000 to 3,000 jobs.

**Mr Carr:** Including ones in the casino?

**Mr Deeg:** That does not include the casino. These are spinoff jobs.

**Mr Carr:** Regarding the setup, I know people in the restaurant business obviously don't want to have competition from the casino self-contained. The district labour council is saying the same thing.

One of the problems is, I don't think anybody's looked at it from the customer's standpoint, the gamblers who are going to come across from the US. My understanding is a lot of them like to have things self-contained and don't want to go out. With not having liquor, my fear is that a lot of people will come the first time—let's take it from the American standpoint—come in and say, "There's no liquor, the restaurant that they do have is crowded, you can't get food, so I'm not going to come back."

I know where everyone's coming from, wanting to get the spinoff economic activity, but if they don't look at it from a marketing standpoint of what the customer wants, those people aren't going to come back. Do you have any fear that way or do you have any studies that show that the people coming in will want to go out and look around? My big fear is that there hasn't been anybody look at it from the customer's standpoint of what they like.

They may like to go out. Some people said yesterday the man may gamble and his wife can go shop. I realize that, but I just wondered, if it gets set up and with the tremendous amount of competition that is out there, in your mind is this going to be one of the best casinos to come to if it doesn't have the liquor and if it doesn't have the restaurants inside?

**Mr Deeg:** I think it depends on the design of the casino. Obviously we don't want an Atlantic City or a Reno or a Las Vegas type of casino. In the late 1970s and early 1980s, I was in Vegas on a number of occasions. I was in Atlantic City once. I have not been to a casino since. This obviously is not what we want.

I've had an opportunity, though, within the last two months to be a member of a group that has visited the Gulfport-Biloxi area—



**Mr Robert V. Callahan (Brampton South):** How did you do?

**Mr Deeg:** "How did you do?" It was a great opportunity to see a casino that worked with the infrastructure in existence. I shouldn't say "a casino"; there are—I don't know exactly—either four or five, a group of casinos in about a 15-mile stretch. The infrastructure in existence all benefited greatly. I personally took the time to talk to five restaurateurs whose business increased by some 50%. I talked to a haberdasher who had a store five miles away from the actual casino. He said they're selling 25 more suits now than they sold two years ago.

I spoke to two clergy people. One was the marine- or navy-based clergy. They were greatly concerned about these casino activities and the 20,000 servicemen who are stationed in that general area. They have found that prior to, there was a tremendous amount of illegal gaming activities going on and they had much more harm on the welfare, if you want to use that word as such, of the service people than not.

At one point, I spoke to a Baptist minister and I just approached him and I said: "I'm Kurt Deeg. I'm from Windsor," and gave him the whole spiel. He said: "I don't have to tell you; I'm a Baptist."—I just approached him as a minister—"I'm a Baptist. I'm totally against gambling, but I'll have to tell you something: When unemployment rates drop from 14.7% to 4.3% in two years, it has had some benefits for us." Now, this is a guarded opinion, obviously.

I spoke to a man in the park who told me that two years ago there were bums lying around. I spoke to a lady who lives an hour away who is working for the casino and is a driver of a little mini-bus or something, and she said, "I've never had such a good job." I spoke to hoteliers. Their occupancy rate is averaging 80% to 90%. In the area there are 5,000 rooms.

We went to the mall and everybody said that they may not obviously have a direct benefit, but economic conditions have improved to a point that their business has improved by some 25%, and the mall is eight or nine miles away from the site of the biggest of the casinos.

I went into a little shoe store in downtown Gulfport and it was a rather—I want to be careful what I say here—not one of the more sophisticated shoe stores. She hadn't done anything in the last 111 years to that store. I asked, "Did you get any benefits from the casino?" and she said, "Not much." "Did you sell anything to the staff?" "Well, when it first opened, a little bit." "Did you have what they wanted?" "Not really." "Did you get what the people wanted?" "Not really." "Are you advertising in the internal paper of the casino down there, because it employs some 2,400 people?" "No."

It taught me in a real hurry that we'd better prepare

ourselves for what's coming and go with that market that is to be expected if we want to benefit. If we want to sit on our butts, it's the end of it all, but we have taken great pains to find out what there is and what there was, and it was a very enlightening trip for me.

**Mr George Dadamo (Windsor-Sandwich):** Thank you very much, Mr Deeg. The DBA, in my opinion, couldn't have found a more caring and compassionate—aside from Ralph Winograd, I guess, who will go to bat for a lot of people and spend a lot of time in getting people together in the downtown business area. I know you've done a lot of work to bring people to the table and talk about some of the things you should be doing and the direction you should go.

As a local member and someone born and raised here, I've had many an opportunity to walk down Ouellette Avenue and down Park Street and Pelissier Street and see the stores that are closed. Some figures that came out yesterday indicated strongly that there are about 160 stores that are vacant, and it's a sad and sorry sight and one that of course we need to work on to bring people back.

I'm as excited as anybody can be to be working on this project, to be the local member and to also be part of this committee which is before you. I think the times are exciting. We're headed for an area that we of course have not been to before and we're quite excited about that.

The government is spending some time and some resources to not only venture into the casino gaming business, but also to spend money on ventures like the Capitol Theatre, which we know will be an integral part of the downtown core, in the hope of bringing live theatre back and keeping them in business. So we want to work closely with them too.

I guess what I'd like to know is, when you sit around a table and you talk to your colleagues and you say: "We've had some really hurting times, but in our heart of hearts we really believe that things are going to get better and we know that this permanent building will at some point have a hotel, have some restaurants, whatever they decide they want in the outcome," how you'll bring people to your particular part of downtown, to your restaurant or to wherever; in other words, to take them out and some of the ideas you've had.

**Mr Deeg:** Obviously, I'm speaking for a majority of the downtown business group. We're excited. As I mentioned earlier, the last five years have been nothing short of a fight for survival. There were no people downtown. Spending habits of people have changed because of the economic conditions, and not only in Windsor. Even to this day, people are not as liberal in their spending habits as they were five years ago. There is uncertainty about job security etc. You know all these points.

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But when I talk to my associates and friends, I see a light, I see a gleam in their eyes, what we want to do. We want to be part of that casino and the benefits that it will bring into Windsor for very obvious and selfish reasons. But it is fun. There is excitement in having a project of that magnitude hit us and to be part of it and to want to make it go and want to make a great success out of it. I feel this sense of a "Let's go get it, tiger" attitude amongst the downtown community now.

**Mr Dadamo:** I think the record should show too that you and your colleagues downtown did a tremendous job in calling together about 600 people at the rally you had to try to convince the government that the downtown interim casino site was the only way to go. I think I speak on behalf of my two colleagues in Windsor that we felt the same way, that bringing it out to either the raceway or the Devonshire Mall would have diverted traffic and would have defeated the whole purpose of revitalizing the downtown Windsor area, and that we felt the art gallery was the answer as an interim.

We're as excited as you are to see things going, so we applaud you for that. When you gathered 600 people, that of course made vibrations at Queen's Park and certainly highlighted that we knew what your concerns were, and we hope you appreciate that we reacted as quickly as we could. I think two days before I had a session with five or six downtown, with Audrey Hanes and Ralph Winograd and some others, at a cigar shop in a back room, and I was long convinced before that that the downtown needed to have the art gallery as the interim site. I just wanted to say that.

**Mr Deeg:** I don't think there are enough words, Mr Dadamo, to express our appreciation for the provincial government's decision to bring the casino to Windsor and then the decision to have it in the downtown area. I cannot find enough words of gratitude and thanks to express that.

**Mr Dadamo:** Well, we just hope things will be going quickly.

**Mr Deeg:** Oh, we will make it go. I've never seen as much enthusiasm and "Go get 'em, tiger" kind of a drive, because, you know, when you get battered for four to five years, you tire. You start bending your shoulders and saying, "Is there ever going to be an end?" But it's been just great, and the help that we have received from wherever, whenever, was just absolutely beautiful.

**Mr Callahan:** I read in the local newspaper that the city council received a report at its last council meeting which, as near as I can interpret from what was in the paper, was that the roving casinos that have been taking place preparatory to this casino have lost—I'm trying to think of the wording they used—they've lost novelty. I noticed the mayor was here before. I'm going to ask that a copy of that report be made available to the committee.

My reason for being concerned about it is that with the exception of the 2,200 slot machines, which of course will be a novelty and will probably influence people coming here, if in fact the local community has lost interest in the novelty of blackjack casino gambling, what does that tell us about the caution that we should proceed with in terms of whether this is a panacea or whether this is not a panacea?

**Mr Deeg:** Mr Callahan, I've only attended two of these charitable blackjack or gaming casinos. One of them was exceptionally well run; the other one was rather poorly run.

I think we're really having two different markets that we draw from. A professionally operated and promoted and marketed casino will draw from as far away as a three- to four-hour car ride, and we're talking about a concentration of population of between 35 million and 40 million people.

I and my group had the opportunity to talk to six of the gaming proponents, and each and every one of them—when they throw 5,000 and 10,000 and 12,000 people at you, you say, "Oh, you're crazy." None of them, and they're professionals, had any problem with the casino attracting these numbers.

They know the psyche of the population; they know gambling is here to stay. It is a growth industry, and I wonder whether they would be willing to invest—I don't know how much it's going to cost, but let's say \$100 million plus anyway, if you have soft and hard costs and everything included—whether they would be willing to gamble that kind of money if they didn't know what they were doing.

The market for the professional casino is a totally different animal from a charity casino, the only game in town. There are certain difficulties because they're roving; people don't know where they are. I see a little ad in the newspaper in Detroit saying this week the ABC charity is being held at the ABC facility. It's not professional. I can't tell you why there is a slowdown or whether there is a slowdown.

**Mr Callahan:** I'd still like to see that report. I think you can understand my concern.

**Mr Deeg:** I'm quite sure that the city would be very happy to provide you with it.

**Mr Callahan:** Very quickly, because my colleague wants to ask a question as well—

**The Chair:** Regretfully, Mr Callahan, our time has expired.

**Mr Callahan:** Just a second, Mr Chair. You allocate—

**The Chair:** Regretfully, Mr Callahan, our time has expired.

**Mr Callahan:** Do you allocate this time equally among caucuses, or do you just—



**The Chair:** The Liberals have had a minute more than either of the other two caucuses so far, Mr Callahan. I don't think that's unfair in any way, unless—

**Mr Callahan:** I thought you—

**The Chair:** Mr Callahan—

**Mr Callahan:** A point of order, Mr Chairman: I thought you allocated—if there's 14 minutes left, each of us gets one third of that. Mr Dadamo had all sorts of time.

**The Chair:** Mr Callahan, I'm not going to belabour this point. That's not a point of order, but I would like to bring to your attention that committee members have opportunities to ask questions, which I try to regulate. How the respondents respond and how much time they take is something I have no control over, and I think I do a very fair job in all the allocation, quite frankly.

**Mr Callahan:** I don't understand how Mr Dadamo had all that time and I didn't even get my mouth open.

**The Chair:** Order. Thank you, Mr Deeg, for making your presentation before us today.

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WINDSOR AND DISTRICT  
CHAMBER OF COMMERCE

**The Chair:** The next presenter before the committee today is the Windsor and District Chamber of Commerce, Mr Mark Jacques. If you would please come forward. You are Mr Jacques?

**Mr L.J. Bannon:** I'm Mr Larry Bannon. I'm chairman of the board of the Windsor and District Chamber of Commerce.

**Mr Mark L. Jacques:** I'm Mark Jacques, president and general manager.

**The Chair:** Welcome before the committee. You have 30 minutes to make your presentation. You can use all that time to make your presentation if you wish, or if you would care to leave some time for questions, which I will try to allocate as fairly as possible, you can have that option. Please proceed.

**Mr Bannon:** As a committee of the government of Ontario, you want to do what is right. You want to ensure that Bill 8 appropriately addresses the needs of both the community and the province. You also want to be assured that the community supports casino gambling and is prepared to make it a successful venture.

The Windsor and District Chamber of Commerce will accept no less for the people of Windsor.

Early during the process, we established a task force to provide input to the comprehensive provincial consultation process. We have spoken to our members. We have reviewed the contents of Bill 8. In doing so, we have identified areas of complete acceptance for the posture of the provincial government. In addition, we have singled out specific areas of concern that require your attention.

The government will benefit through our input by delivering a working bill that will address current and future needs of the people of Ontario. It will also be able to deliver to Ontarians a document and a system that will enhance future casino projects and avoid pitfalls or complications related to casino development.

I ask you to listen with an open mind, ask questions or make suggestions. When we conclude we would like you to assure us that our concerns will be addressed prior to third reading of Bill 8.

I will review the topic of casino gambling and Bill 8 under the following general headings: the consultative process, economic impact, crime control, operational environment, the horse racing industry, and private sector involvement.

**The consultative process:** The chamber appreciates the extent to which the provincial government has consulted with the people of Windsor. We believe the open door policy has provided for adequate input by interested parties prior to the drafting of the bill. The casino task force not only listened to the community, it heard us loud and clear in many areas. The most important consideration was for the casino's location. Both the temporary and the permanent casinos will be located in the downtown core, as requested.

**Economic impact:** Estimates project that 10,000 to 12,000 people will visit Windsor every day. What an opportunity for economic revitalization. The estimated 8,000 to 9,000 jobs created by the introduction of the casino are most welcome by this business community. The wages generated by the new jobs will bolster the businesses within this community. Our members will benefit and the people of Windsor will therefore benefit.

**Crime control:** The casino task force has sought professional input to address the issue of crime control. Windsor Police Chief Adkin is a professional. Chief Adkin has expressed the importance of providing adequate policing to respond to the needs of the casino. Money should be provided in order to appropriately staff and equip this force. Cost should not be the primary issue.

The security of this community, the casino premises, its staff and patrons should be the first consideration. We would hope that the government would err on the side of excess; otherwise the damage will be most costly to repair. Quite candidly, we think that issue is the one where there should not be a conflict or a major disagreement between the government, the operators and this community.

Business people want to protect their investments. Chief Adkin has stated that his professional experience would dictate that a young crowd will increase the potential for disturbances. This will increase the risk to other casino patrons and the surrounding premises. We hope this committee will heed this recommendation and

make appropriate changes to the bill for the protection of all concerned.

**Operational environment:** The operational environment constitutes the following: traffic control and flow, border crossings, parking, transient marina construction and airport facilities. The traffic engineering department of the city of Windsor has a significant challenge in addressing the traffic flow pattern related to increased tourist traffic. We are confident that the department will respond in good order.

The Windsor chamber has a very active transportation committee. It has addressed many key transportation issues over the past few years. We have been very concerned about the improvements of border-crossing facilities in order to improve traffic flow from the United States. The recent Ambassador Bridge plaza improvements will certainly be very supportive for the increased traffic expected from the introduction of the casino. Also, plans for the city of Windsor for restructuring of the Windsor and Detroit tunnel plaza will serve to enhance that border traffic flow.

The development of adequate parking facilities is a primary concern to the community. Provision must be made for secure and convenient parking facilities for the patrons of the casino. The city is undertaking an accelerated plan to construct a transient marina in close proximity to the permanent casino location. It is hoped that the conclusion of construction of this marina will coincide with the completion of the casino. This will certainly enhance the attractiveness of the casino and the city. This will hopefully generate additional repeat traffic to the facility.

**1010**

The Windsor chamber has taken a leadership role in negotiating the transfer of the Windsor airport to a local airport authority. This would result in the establishment of a not-for-profit authority that would own and manage the airport facilities. It is the belief of the city of Windsor and the township of Sandwich South that the airport is vastly underutilized. Under the direction of an airport authority, the airport would be able to respond more effectively to customer needs. This would certainly benefit those who would choose air travel as their mode of transport to the city in order to patronize the casino.

I might just add that the traffic flow and transportation and engineering problems connected with people and service industries can't be solved, with the addition of well over 12,000 people per day, by any one component, and that's why we're looking at a number of various components that we feel are integral parts, tools, to make the whole a successful venture.

Turning to the horse racing industry, without the benefit of expert knowledge, it is our belief that the two industries of casino gambling and horse racing can coexist in the same area. It will require entrepreneurial

initiative and much cooperation. It will also require the province's commitment to this coexistence. We sense that there is a willingness on the part of all parties to recognize this situation. It is our hope that the casino will simply increase our inventory of entertainment attractions available to potential visitors, thereby enhancing our tourism efforts.

**Private sector involvement:** Windsor is getting ready. The announcement of the introduction of casino gambling has acted as a catalyst to many organizations in this community. Representatives of various business organizations have banded together to address the needs of the business community related to the increased tourist traffic. Plans are being developed by Windsor's casino-tourism task force to launch many inventive programs for customer service training, visitor information access, business improvement financing and much more.

The chamber is very pleased that the government will engage the private sector to manage the casino operations. We do, however, request that the government ensure that the casino is marketed as part of the Windsor tourism package and not solely as the jewel of the area.

In conclusion, we ask that this committee ensures that the concerns expressed within this document are addressed.

The Windsor and District Chamber of Commerce is extremely excited about the opportunity before us. We believe the government acted responsibly and appropriately in establishing a pilot project for casino gambling. This will allow the government to assess all aspects of the establishment of casinos in Ontario. Other communities and the government will benefit from this experience.

The business community has become very active in preparation for casino gambling. We feel extremely confident that the province has progressed in a responsible fashion in dealing with this new concept. We look forward with great anticipation to welcoming our new-found visitors to Windsor, Ontario.

I thank you, gentlemen and ladies.

**The Chair:** Thank you, Mr Bannon. We have approximately five minutes per caucus and we'll start with Mr Duignan.

**Mr Noel Duignan (Halton North):** Thank you for appearing in front of the committee this morning and expressing your opinion in your brief. You can rest assured that your concerns will be noted by the committee and certainly by the ministry and the government.

On the question of crime control and lifting the age, it's not 18, it's 19 in the legislation, and the question whether to raise that to 21 or not was raised yesterday by the chief of police. Our advice at this point in time is that if we raised the age to 21, it would not withstand a court challenge under the Charter of Rights or the human rights situation.



**Mr Callahan:** That's baloney.

**Mr Duignan:** Well, that's your opinion, Mr Callahan.

We will be providing this committee with a written brief on that particular aspect of it, as well as the reverse onus, which was raised yesterday as well. But we have noted your concerns, not only from you but also from the chief of police and from other people as well and we are taking them seriously and we are looking at it.

**Mr Bannon:** Thank you.

**Mr Duignan:** As you may well be aware, around the horse racing industry, as part of the casino projects the deal is that they have to work cooperatively with the horse racing industry and both have to work together to enhance the horse racing industry. I personally myself can't see any problem of why the two can't coexist together and actually be very successful, but that's part of the process. The casino complex has to work with the horse racing industry.

**Mr Wayne Lessard (Windsor-Walkerville):** Yes. Thank you for your presentation. You've raised a number of important concerns within it. I wonder whether you had any specific suggestions with respect to Bill 8 itself. You said you've reviewed it and you've made these comments with that knowledge. I wonder if you had any specific sections or recommended changes that we might be able to make, and if you don't have those now, we would hope that you forward them to myself or the committee at some point in the next couple of weeks.

**Mr Bannon:** The bill, being a technical document, doesn't relate in colloquial terms to the issues we're talking about, and that's why we didn't do it. I was interested in seeing that the bill relieved the government of the responsibility for the Corporations Act and other acts that other businesses are bound by, but I assume it has its reasons for doing that.

**Mr Lessard:** I note as well that you made some comments about the transportation study. I understand the department of traffic engineering did conduct a survey. That may not have been made at the time that the final location of the casino was made, but they just have to expand upon that. Is that understanding correct?

**Mr Bannon:** That's our understanding, and once again we emphasize that that's a key, probably the leading technical document or technical requirement in the process addressing that concern, but it needs to be supported by a whole menu of other items that will reduce it.

**Mr Lessard:** Of course, I like your suggestion about the local airport authority. You've been able to count on my support for that all along and we continue to plug away at it. One day we may reach success. Who knows?

**Mr Bannon:** There are signs that is going to happen.

**Mr Callahan:** On a point of order, Mr Chairman:

This is about the third time or fourth time that the issue of the age limit and change to the age limit has been raised. The parliamentary assistant has told us on each occasion—

**The Chair:** That's not a point of order, Mr Callahan.

**Mr Callahan:** Just a second, Mr Chair.

**The Chair:** That's not a point of order, Mr Callahan.

**Mr Callahan:** Mr Chairman, I have an opportunity—

**The Chair:** That's not a point of order, Mr Callahan.

**Mr Callahan:** I want that report filed with this committee.

**The Chair:** That's not a point of order, Mr Kwinter.

**Mr Callahan:** We're entitled to have—don't tell Hansard I'm cut off, Mr Chairman.

**The Chair:** Mr Kwinter.

**Mr Callahan:** That is absolute nonsense. I want that report filed.

**The Chair:** Order, Mr Callahan.

**Mr Callahan:** They told us that they have a legal opinion. We're entitled to that legal opinion as the members of the opposition.

**The Chair:** Order, Mr Callahan.

**Mr Callahan:** There are questions from people such as these groups and other groups. I'm asking it be filed.  
1020

**The Chair:** Mr Kwinter, would you like to ask a question or make a comment?

**Mr Monte Kwinter (Wilson Heights):** Mr Bannon, in both your presentation and the presentation of Mr Deeg, you talk about the transportation across the bridge. In his listing of the negatives that have impacted the Windsor area, he said:

"Totally unexpected congestion at border crossings further complicated the situation, since our American visitors were subjected to the inconvenience of long lineups and waiting periods. These visitors, who traditionally generated somewhere in the vicinity of 50% of our economic activities in downtown Windsor, were inconvenienced and changed their patterns to more convenience-oriented locations."

How do you see the addition of—who knows what the number is, but thousands, anyway—thousands of additional cars per day coming across the border relieving that problem? Isn't it going to create as many problems as it's going to solve because people who are not coming to the casino will say: "Why would I go across the bridge to Windsor to do my shopping when I've got all these gamblers plugging up the bridge or the tunnel? I'm going to go somewhere else"?

**Mr Bannon:** I wouldn't disagree with the facts Mr Deeg referred to, but I would suggest that situation is well in the past, in a year or further in the past, and that the major thrust behind that problem was not related to



the downtown or casino gambling. It was related to a federal issue of jurisdiction and economics on the part of the truckers.

Having said that aside, the additional 12,000, if we want to use that number, visitors to be accommodated can only be done so through a skilled traffic engineering flow and a system to support that. It will take buses; it will take the new facility at the Ambassador Bridge to help to clear some of those buses; it will take the improvements at the Windsor tunnel plaza to assist; it will take the staffing that the federal government has now committed, as I understand, to providing those services from a customs and immigration standpoint.

There are plans under way—I didn't get into it but there are—on the part of a local person or two to put in a shuttle service by a ferry. That will help to alleviate those problems. We will have the space to dock that ferry and will have the patrons on the US side to accommodate that service. The congestion will have to be dealt with, but it will be dealt with, I hope, and I'm going to ask my colleague to help me out here, in the process of redesigning the downtown, which is well under way, to accommodate the additional patrons in that core area around the casino and the entrances to that. So we feel that all of those components have to go together to relieve the problem.

**Mr Jacques:** I just might add that the problem existed where we were having return traffic due to cross-border shopping, and that created a large traffic congestion for American visitors, and also their dollar value had deflated quite significantly during that time, whereas ours had been buoyed somewhat and it made it attractive to cross the border. Today, that's not the case and it may be in the future that that again happens.

But there have been improvements to the Ambassador Bridge and they're very significant improvements, if you don't know what the old one looked like. Go check out the new facilities. You'll be quite surprised at what the facility looks like today, but it's even more shocking for us, who have been across that bridge many times, to look at the changes in the facility they have to accommodate increased traffic flow. There has also been talk of additional private investment in other methods of crossing, so another bridge or whatever there may be, and as Larry mentioned, the new ferry. We think we'll be able to address it, but it's certainly a problem we'd like to have.

**Mr Ernie L. Eves (Parry Sound):** As several of my colleagues have pointed out, the age restriction is an issue that continues to be brought up by several witnesses before the committee and you can rest assured that we will pursue that as the committee does its clause-by-clause deliberations on the bill in a few weeks' time.

I was quite impressed by Chief Adkin and the very professional manner in which he came before the

committee yesterday. We read in the Toronto Star, and I presume in the Windsor Star today as well, some very real concerns he has with respect to the possibility of increased crime. I see that you are very supportive of the chief in your written submission. Would you think it would be appropriate that there be some direct diversion of funds from the profit of the casino project towards increased policing costs in the city of Windsor?

**Mr Bannon:** It's my opinion that this is what should happen. I've always felt there are specific areas that could be mandated appropriately to accomplish the transfer of some moneys to the city. I feel very strongly that this is the one issue we shouldn't be compromising on. If we're talking about six or 12 or 18 people in the context of what that represents in terms of the success of the casino operation, then it's not an issue. It can't be an issue. It has to be dealt with. If the chief is wrong, five years from now we're going to know it.

**Mr Eves:** Absolutely.

**Mr Bannon:** But I'd rather take that opportunity of addressing the problem than to have the downside.

**Mr Eves:** I quite agree. I just have one other point. On the issue of the Windsor Raceway and horse racing industry, the provincial government's report done by Coopers and Lybrand indicates or guesstimates that the impact on the horse racing industry in the province will be somewhere in the neighbourhood of 5% to 10%. However, for almost every other study that I've read on every other jurisdiction that I've looked into where there has been casino gambling introduced to a jurisdiction that already had a viable horse racing industry, the impact is more in the neighbourhood of 28% to 32%, or almost a third.

I think there's a unique opportunity here for Windsor to be first to not have that impact on the horse racing industry. I wondered how you would think about the successful proponent, whichever group it may be, providing some sort of direct correlation and assistance if need be to Windsor Raceway in terms of marketing, and perhaps if need be in terms of funding to ensure that they both remain viable entertainment points or focal points in the community. I wondered what you thought of that.

**Mr Bannon:** I'm going to ask my associate to comment too, because you've touched on the key thing. First of all, the problem with horse racing existed before the issue of casino gambling came up, and it was a distinct problem then. I think that the issues the owner of the Windsor Raceway is articulating are the right issues. He's got a problem with the government of Ontario on the return or the amount that it is taking from the operations. Having said that, we've talked to the president of Windsor Raceway, and we feel really that it's an opportunity.

In our work on the riverfront task force for the past



almost five years, we were looking for that one key tourism attraction, a destination attraction to solve our riverfront and economic problems. Now with the advent of casino gambling, we have an opportunity whereby it may not be a single facility, a single entertainment venue, but rather a very harmonious collection of two or three.

We visualize the downtown, the waterfront, the casino, the twin anchor concept, and the Windsor Raceway, because there are capabilities and potential for that facility to be developed into a first-class entertainment facility. I don't know if you want me to go on. Mark, do you want to comment on the marketing end?

**Mr Jacques:** Yes. Our concern, and we addressed this early on, was that one of the issues with the raceway is that, yes, there should be some cooperative marketing efforts put into the coexistence for casino gambling and the horse racing industry. The horse racing industry is obviously a privately run operation, privately owned. Being people who support free enterprise, I would suggest that just to throw money at it and say, "This is what's going to help; the casino operator should just give some money to the raceway," I don't think is the answer. I think they have to work together to find a solution to marketing this area as an entertainment package, an entertainment area, and coming up with some entrepreneurial initiative.

**The Chair:** Thank you, Mr Bannon and Mr Jacques, for appearing before the committee today.

**Mr Duignan:** On a point of clarification, Mr Chair.

**The Chair:** Mr Duignan, you have a point?

**Mr Duignan:** Yes. Mr Callahan raised an issue and I just want to clarify and reiterate the remarks I made earlier. We will be filing with this committee a legal opinion both on the age limit and the reverse onus as well, and that's being prepared right now. As soon as it's ready, we'll be filing it with the committee.

1030

**Mr Callahan:** The reason I raised that was it seems to me that this has come up each and every time, and it's obviously something even the people of Windsor with their excitement about the casino are concerned about. Do I understand what you're saying is that a legal opinion is only in the works now? What I'm getting at is, if one was prepared before these hearings, I'm asking that it be made available to this committee now. It doesn't do us any good to leave Windsor and find out that we've been perhaps telling the chief of police and others that this can't be done. I'd have a better feeling if we left Windsor saying it can be done or it can't be done definitively.

If that report is only now in the works, can you tell when that will be available? Will it be available for us before we leave Windsor? And if it's not, certainly it should be made available as quickly after we leave

Windsor as possible. I'd prefer to have it before we leave Windsor.

**Mr Duignan:** First of all, we take very seriously the issues raised by I think four or five police in the last couple of days, this whole issue of age limitation. We do take that issue quite seriously, and I will ask Jim here to respond to your question.

**Mr Jim Mundy:** We consulted with the Ministry of the Attorney General, constitutional law section, and verbally were given an opinion. As a result of the issues raised yesterday, we've asked them to prepare a written opinion, as Mr Duignan mentioned, on those two issues. The moment we have them, they'll be presented to the committee.

**Mr Callahan:** I don't want to belabour this, but you did have a verbal opinion then before these hearings started.

**Mr Mundy:** Yes.

**Mr Callahan:** Maybe you can't tell me this: Was that a contravened Human Rights Code or the Charter of Rights? Which was it? Or do we know?

**Mr Mundy:** My understanding is, and I can double-check this with our legal counsel, that it was both, but certainly the Charter of Rights and Freedoms.

**Interjection:** We had it on both.

**Mr Callahan:** I wait to see that. I don't want to be provocative, but if you can't change the limit to 21, how in the world do we have the Young Offenders Act, how in the world do we have drinking age changes as the policy decision of governments, how do we have the age requirement for marriage, how do we have the age requirement for a whole host of things if they're all in contravention of the Charter of Rights and Freedoms and Human Rights Code?

I don't mean to be nasty to you in saying it's nonsense, but I have to say that I just don't understand the logic of that. Whoever gave you that opinion in the Attorney General's department, I'd love to see it in writing because it doesn't make any sense. In any event, I'm finished.

**Mr Duignan:** Not being a lawyer, I eagerly await the written opinion of the constitutional lawyers.

FRANK FUNARO MEN'S WEAR

**The Chair:** We're going to move on to our next presenter representing Frank Funaro Men's Wear, Ms Fran Funaro. Please come forward and make yourself comfortable. Welcome to the committee. You have 30 minutes to make your presentation. You can use all that for your presentation, and if not, some of that 30 minutes will be used for questions.

**Mr Callahan:** Ms Fran Funaro.

**Ms Fran Funaro:** That's correct. Frank is my father. I've caused a lot of trouble at the office.

Thank you for affording me the opportunity to speak

with you in support of casino gaming in Ontario and Windsor. My name, as you know, is Fran Funaro and I wear several hats today: as an owner of property, both commercial where I work and residential where I reside, in downtown Windsor, as a second-generation owner of a clothing business which has been in operation for 35 years, as a board member of the Downtown Business Association dedicated to the ongoing promotion and beautification of downtown Windsor, as a board member of Royal Windsor Terrace, a downtown Windsor condominium where I reside whose mandate includes the monitoring of downtown's economic climate and its impact on our residents, and as an executive member of Info-Quest Corp, which is an 18-year-old management consulting firm specializing in strategic planning and financial and human resource management in downtown Toronto. I'm also a past board member of the Heart and Stroke Foundation of Ontario, a member of the Windsor and District Chamber of Commerce cross-border shopping task force and a member of Windsor's waterfront development project.

I mention the above to demonstrate my diversely vested interest in any major phenomenon invading our downtown.

Let me begin by sharing a recent experience with you. I was on an exploration mission in the southern United States where, over a vast shoreline stretch, various sizes and styles of casinos are situated. The purpose of my visit was to view first hand the effects of casino gaming in a community parallel to ours in many ways and, more specifically, the immediate surrounding area. To qualify the word "parallel," what I mean is that what I viewed was not an environment where there existed a casino-only operation; rather, the casinos operated in a community within an existing infrastructure, which is exactly what is being proposed for Windsor.

At first, I must admit that I was at best lukewarm towards the concept of a casino literally in my backyard and the potential crime, noise, traffic and overall negative element which I believed, in my ignorance, would be infesting both my home and work life.

What I learned in its stead was pleasingly surprising to me. If planned and executed properly, not only would casino gaming bring new jobs through expansions of business ventures, business area beautification and promotional efforts, the filling of vacant properties and increased local business activity directly associated to the casino industry; it would also be the cause of an infectious excitement and new-found dignity of local citizens, whether those citizens have interests on a residential, commercial or industrial level. In short, it would bring fresh, positive life to us.

One could argue against casino gaming on various levels, such as the negative element casinos attract or the fear of compulsive gambling behaviour becoming a

real concern or the interference of casinos interrupting the natural evolution and the very fabric of a community. In response to the above, I offer the following for consideration.

We are in the year 1993, and my interaction with formidable casino proponents has convinced me that we are dealing with honest, savvy, concerned business people who wish to work with the province and the city to ensure a win-win situation for all affected parties, including the public. It is no secret that a casino operator intends to make a profit, but the key is to acknowledge that it is not unethical or criminal to do so. If it were, businesses that employ thousands of workers would be guilty of exactly the same crime, which is of course nonsensical.

Compulsive behaviour is an unfortunate reality which exists in many circles, for example, substance abuse, eating disorders, workaholics and problem gambling, to name a few. The point is that this conduct is not unique to a casino environment, and just as there are a myriad of government-run and self-help centres available to the community for other forms of compulsive behaviour, there are parallel organizations for this very conduct regarding casino gambling. In fact, this very issue is currently being explored by Madam Churley and her very capable team, and their foresight and efforts in this vein are to be applauded. The key here is regulation, and any qualified casino operator will work hand in hand with the government and the public to combat and neutralize this serious matter to the fullest extent.

I wholeheartedly agree that, if managed improperly, a casino, as any other major change in an environment, could potentially be a cause for concern. However, if it's managed properly, the evolution of an environment is not interrupted. Quite the opposite: It's going to be heightened.

Our government is working diligently to implement stringent controls for the express purpose of the environment dominating the casino and not vice versa. Further, the interested casino operators are genuinely concerned with our environment. Otherwise they would not have pursued interest in Ontario casinos after learning the extent of our government's involvement in the process.

In reference to the economic impact a casino can bring to a community, I am certain those who have spoken prior to myself have enlightened you with the staggering figures forecast in terms of traffic generated, dollars spent, the revitalization of the surrounding area and the general goodwill from the community to the casino operator. An excellent example of this is confirmed by Mr Leland Creel, a Gulfport businessman and president of its merchants' association. At a Windsor casino information rally, Mr Creel stated:

"Casinos had a more positive impact in his community than anyone had expected. Crime rates, especially



burglary, actually went down (by 80%). Unemployment rates dropped in Gulfport from 14% to 4%. The city's 2,000 hotel rooms, which had been running at about 40% occupancy, are now fully booked. New restaurants have opened and the others are prosperous."

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That's the end of the quote. That was taken from the Windsor Star, and Mr Creel allowed me to say that for him.

Furthermore, the province of Ontario as well as Windsor are diligently researching and preparing for the casino. We are becoming more and more empowered with valuable information in order to understand how casino gaming will positively impact our community. This knowledge is the first step towards control of the situation, rather than the unnecessary phobia in the mindset of those who are of the notion that with a casino in our midst, we will be out of control.

Many of us have found that if dealt with in a progressive and professional manner, the casino will only augment a community's ability to be vital and user-friendly, with the end result of enhancing its overall wellbeing.

I encourage citizens in the province of Ontario to expand their horizons by sourcing out factual information from casinos that have impacted communities similar to Windsor's. I further submit that each and every concerned citizen consider viewing the casino in a progressive, positive manner. The cup, in my opinion, is definitely half full as opposed to half empty. As Windsor has been selected as Ontario's pilot casino project, it's up to us as a proud and unified community to welcome and be truly grateful for the casino's positives, which should be neither ignored nor misinterpreted, positives such as traffic generation, including the issue of traffic congestion—given Windsor's recent economic climate, what a wonderful problem about which to boast—unemployment rate declines, the probability of lower burglary and theft crime rates, and overall public awareness of Windsor's appeal as a viable tourist destination. To me, it's really quite simple: Prosperity begets prosperity.

In conclusion, ladies and gentlemen, there are those who resist change and those who embrace it. With this in mind, our provincial government is proceeding, quite appropriately in my opinion, on a cautious and gradual basis in order to make the soundest decision possible with regard to the issue of casino gaming in Ontario.

I have faith in the democratic process and in our government to obtain and disseminate information such that the only logical conclusion will in fact be to proceed with welcoming casino gaming to Ontario and, of course, to Windsor as the pilot project. Our very capable municipal government, business community, interested associations and the public at large will certainly pick up the ball and run with it. As you know,

many of us, starting with Mayor Mike Hurst and his office, city council, the Downtown Business Association, the Windsor and District Chamber of Commerce, our convention and visitors' bureau, and the Windsor-Essex development commission, to name a few, are working proactively to ensure that Windsor will be forearmed for the day when the issue of casino gaming in Ontario does become a reality.

We are a true emerging market. I respectfully submit that we rise up to meet the challenges and demonstrate our vision and decisiveness as a progressively oriented province by strongly supporting the existence of casino gaming in Ontario. If history repeats itself, we won't regret it. Please add me to the long list of those who are "betting on Windsor."

**The Chair:** Thank you very much, Ms Funaro. We have about five minutes per caucus and we'll start with Mr Kwinter.

**Mr Kwinter:** Thank you very much for your presentation, Ms Funaro. I'm fascinated by a statistic that you mentioned. I know it isn't yours, but you seem to have embraced it and think that it's a positive: that as a result of casino gambling, the general crime rate has dropped by 80%.

**Ms Funaro:** In terms of theft and burglary.

**Mr Kwinter:** Theft and burglary is fairly significant. In your discussion, is there any indication of why that would happen?

**Ms Funaro:** Mr Creel mentioned quite adamantly that the employment had been very low prior to the casino coming to town—or casinos, because there are various casinos in that area—and naturally there was a lot of theft and burglary. With the advent of the casinos coming to town, there was a lot more employment in the area; thus, their understanding of why the crime rate went down was that people didn't have to steal any more in the immediate area because they had jobs and their new-found dignity and everything else, so they didn't have to steal at all.

**Mr Kwinter:** Have you had a chance to discuss this with the chief of police? Does he agree with this?

**Ms Funaro:** With Mr Adkin, our chief of police?

**Mr Kwinter:** Yes.

**Ms Funaro:** No, I have not. This was something that had taken place in another city in the United States. I'm not suggesting in any way, shape or form that Gulfport and Biloxi are Windsor, but there are certain parallels there, which is the reason why I brought it up. But, no, I haven't spoken to Chief Adkin about it.

**Mr Kwinter:** Another area I'd like to discuss with you: When you talk about the considerations, you talk about the fact that it's not unethical to make a profit, and as a matter of fact there is a profit motive. That's another area of concern that I have. One of the sort of steady themes that are going through these dis-

cussions is that somehow or other these proponents are—you know, it's all right for them to make a profit, but their major thrust is going to be looking after the community, cooperating with the horse racing industry, making sure that all the restaurants are prospering, making sure that all the hotels are filled up before they build their own hotel.

I think there's a certain naïveté about business. The people who are making proposals for this casino have one purpose in mind, and if you don't accept that, you are really living in a dream world. Their one purpose in mind is to get a return on their investment and to make money for their shareholders, period. That's all they're interested in. Otherwise, they won't be here. They're not going to come from wherever they are if they can't make money.

The problem, and I'm just putting this out, is that if you go into this with the assumption that these are white knights who are going to come here and that their main purpose is to make sure that Windsor prospers and that everybody is happy—their purpose is to maximize return on their investment. You're going to ask them to build a facility. You're going to ask them to run it. You're going to ask them to arrange for the financing and they're going to say: "Fine. When we do that, we want a fair return, minimum; fair return, minimum. But we're also in here because we're looking for the upside. We're looking to see how we can maximize return on our investment."

In order to do that, there is going to be incredible pressure on them to have as many profit centres as they possibly can, particularly because of the arrangement with the provincial government. There are many jurisdictions where the government is taking 20% of the win.

I think it's important. You as a businessperson, if you were to invest money, would be doing it on exactly the same basis, particularly if you're going somewhere else to do it. They're going to be out here competing, but they have capital. Capital has opportunities. It can go anywhere and it's going to go where it can get its best return. What do you feel about that?

**Ms Funaro:** If I may respond, yes, I feel there is nothing wrong with a business entity making a profit, and if a business entity can make a profit together with the municipality and a community and a province that is also going to win, then we should be thrilled that this is taking place because everyone wins and it doesn't have to be a win-lose relationship.

If these casino operators have put in their RFPs—unfortunately, I don't know what is in any of them—they have obviously done so with a great deal of thought, time and effort and of course they're going to do it with the intent that they are going to make a profit. If they can make a profit and the city of Windsor is going to become a viable tourist destination, which

we have been attempting to do, and we have someone who is now going to assist in the payment thereof and the Ontario government which is going to obtain 20% of what it is they make, then I think that's wonderful.

**Mr Kwinter:** I have no quarrel with that. All I'm saying is that I think there has to be an understanding that, sure, they're going to try to be the best corporate citizens they can be. Every business is trying to do that, but the bottom line is that they have to maximize their return on their investment and there may be—and it was stated by a couple of proponents—a conflict; there may be an actual conflict because of that and I just want to make sure this is understood.

**Ms Funaro:** I have no quarrel with a business making money—especially with my background—and employing various other people in the community where you live or where you work. Again, I just want to reiterate that, although I agree with what you're saying in terms of the fact that of course the proponent is certainly interested in making money, they are also interested, in my view, in making money for the Ontario government and for the city of Windsor in terms of being part of our community.

**Mr Callahan:** Just very quickly, you've indicated that there's a myriad of opportunities available for helping people who wind up with a compulsion for gambling, which is a fairly high percentage of people.

According to the Ernst and Young report, the only thing available at Windsor is a self-help group that's Gamblers Anonymous. There's nothing else available.

I'm curious. Does that change your view? I say this, and my friends across the other side will not believe this, but I say this not in a pejorative or a partisan fashion, but Bill 90, I think it is, which is presently in committee hearings, is going to restrict the amount of times you can see a particular type of doctor for a particular type of problem. If that maintains its position, that will make very much less services available from a medical standpoint to help people who have this compulsion.

**Ms Funaro:** When I mentioned the opportunities that were available for self-help centres, what I really was trying to get at is that together with the Windsor and Ontario plans that are in the works in terms of assistance in this vein, you also have the proponents who have their own internal self-help centres.

1050

**Mr Callahan:** The casino?

**Ms Funaro:** The casino proponent, that's correct. Now, I'm not familiar with all of them, with all of the nine that have put things in, but at the Windsor rally that was hosted by Grand Casinos, in their presentation they had an actual staff that was assisting with compulsive gambling behaviour and would monitor and let the proper parties know this was taking place, and they



have in fact some types of mechanisms in place to assist in that fashion. I assume that since I saw it from Grand, other proponents have the same thing. I may be wrong, but I just went by what I saw.

**Mr Carr:** Thank you very much for your presentation. Percentagewise, what are you anticipating the increases are going to be for your own particular business?

**Ms Funaro:** I would say somewhere in the vicinity of 15% to 25%. Also, the reason I think it's high is because I intend to take the opportunities and run with them, because it isn't just going to be a result of traffic that is going to be walking around; it's going to be up to the individual business to market itself properly in order to attract what it is that's going to be on the street.

**Mr Carr:** How will that translate in terms of new jobs? In yours, how many do you employ now and how many do you see employed, the increase?

**Ms Funaro:** Unfortunately, we've had to lay off several people, so what will happen is of course those jobs will be reimbursed to the staff and hopefully more will—

**Mr Carr:** How many were laid off?

**Ms Funaro:** Two.

**Mr Carr:** So you think they'll be able to come back then?

**Ms Funaro:** I hope so.

**Mr Carr:** One of the interesting discussions is that as you know, 80% of the people coming over apparently will be Americans, according to the government. That may or may not be true. If so, you're going to have to attract those people to purchase. We're estimating, I guess, conservatively 8,000 coming across, the government says. How much do you think those people will spend here in, say, retail like yourself?

**Ms Funaro:** That's so difficult to gauge, because retail is easily put into one sector, but retail encompasses so many different businesses that I really don't have the available background to speak to that. I can only tell you what it is that I'm hoping for for my own business, and being on the board of the DBA, I know that what we're going to do is also promote not only individual businesses but the area as such. That way we're going to be able to get as much bang for the buck, so to speak, out of promotion dollars.

**Mr Carr:** Some of the expenditures, I guess what will really be a factor—I know in retail, obviously attractive is a very important factor, but in terms of cost comparison, and let's take, I don't know, your number one selling product, a suit or whatever, how would you compare with the American product with the dollar as it is today? Are you in the ballpark in terms of cost if Americans come over and happen to gamble and go out at night? Are you able to compete? How is the price of

your product versus the US? Is it higher, lower and how much by percentage either way if it is?

**Ms Funaro:** I would venture to guess that, being that I'm at a little higher end in terms of the products we have in-store—

**Mr Carr:** Well, compare yourself with the higher end then in the US.

**Ms Funaro:** If it was compared with the higher end in the United States, I would say we were very close, if not lower in price, because higher-end clothing in the United States is quite high. You pay for that high quality. Also, I think it's not only an issue of price, it's an issue of value, and if someone will come to the store, my father is a tailor, and we also have another tailor who has been in the business for 45, 50 years. Service, quality, price: Those are all components that are part of whether or not you're going to be successful, and in that regard I believe we can certainly compete very easily, if not surpass the United States.

**Mr Carr:** That's good news that we're in the ballpark with regard to that, and I hope it is in some of the other retails. As I understand it, some of the cross-border shopping was for things like liquor, booze and cigarettes, and gas and oil, which were substantially cheaper. Ironically, it's because of the taxes on those three commodities by governments at both levels that created it being so high that drives the people across. That's what I've heard. We had some of the people in from Tip Top Tailors in Toronto and they said: "We can compete on sweatshirts and suits. It's when people are going across for those other items, and while they're there they go in and buy a suit or whatever." So I'm glad to hear that and we wish you luck in your endeavour.

**Ms Funaro:** Thank you.

**Mr Dadamo:** Fran, thank you very much. I hope Frank is busy these days. I want to solicit something from you in a couple of minutes, but I know you'll concur with us, or with me, in relaying information to Mr Kwinter—I wanted to do this on a point of order earlier—that the bridge company, for example, has stepped up improvements to the area.

**Ms Funaro:** Yes.

**Mr Dadamo:** They should be applauded publicly for spending about \$30 million of their money, without the assistance of any government, either the provincial or the federal government, in constructing their new facilities on the premises.

I know that we have Windsor members of Parliament who are actively pursuing the federal government to make improvements further as far as hiring more staff at the bridge company and at the tunnel is concerned, and to helping with the flow so we can get people coming and going rather easily.

I'm sure you have confidence in both the bridge and

the tunnel personnel in getting people across. When you sit around your table and you talk with your colleagues, if we're talking about 12,000 people a day, we're talking about bringing people through how? Through the bridge, the tunnel, if they're Americans. There is also talk about the ferry system.

**Ms Funaro:** Correct.

**Mr Dadamo:** As parliamentary assistant to the Minister of Transportation now for three years, we've had people come to us talking about a third bridge. They're Americans and they're Canadians together, and they're not coming to us for any finances at all. These are people who will fund this on their own. What they need from us as the government in the province is to give them clearance for land where the base of the bridge will be for entrances etc, and what they need from the American side is clearances on to I-94 and 75 and those kinds of things.

I wanted to solicit a response from you and, to our committee members here and to others who are listening, the assurances that they will, at the bridge and the tunnel, be very capable of bringing Americans across and down to Pelissier Street, down to Ouellette, down to Chatham Street etc, and into your stores.

**Ms Funaro:** I'm hoping, and I'm positive, that Windsor is certainly going to be able to rise up to meet the challenges of the traffic, because we know that's a serious concern and we're not going to stand by. It would be ridiculous; it's not going to help ourselves to do so. We're going to do whatever it is we can do to combat that problem.

**Mr Dadamo:** We know that you'll go to your members of Parliament in Ottawa to have them go to the federal government and try to speed up things from their end of it.

**Ms Funaro:** If it will assist, by all means.

**Mr Dadamo:** I know you'll do that.

**The Chair:** Thank you very much, Ms Funaro, for presenting before the committee.

WINDSOR-ESSEX COUNTY  
BUSINESS IMPROVEMENT ASSOCIATION

**The Chair:** The next presenter we have today is Mr Bob Williams, representing the Downtown Business Association, if you'll please come forward and make yourself comfortable. You have 30 minutes for your presentation, of which you may use all of that or save some time for questions.

**Mr Bob Williams:** Good morning, ladies and gentlemen, and thank you for the opportunity of coming before you today. Please allow me to introduce myself and my background in the city of Windsor.

My name is Bob Williams and I am president of R.J. Williams and Associates, marketing management, a company that specializes in the hospitality and tourism industries. I am a local businessman who employs eight

full-time employees and am a member of the Downtown Windsor Business Improvement Association.

I am the previous owner of 300-seat dining and entertainment establishment and am a member of the Ontario Restaurant Association.

I am a past cabinet member of the United Way of Windsor and was awarded one of Windsor's highest recognitions as a Volunteer of the Year, and continue to work with the charitable community of Windsor.

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I am a founding member of the cross-border shopping task force of the Windsor and District Chamber of Commerce and have consulted the International Association of Convention and Visitor Bureaus, with a membership represented in 25 countries. I am a member of the Convention and Visitors Bureau of Windsor, Essex County and Pelee Island and a recipient of its highest award for the promotion of tourism.

I am a member of the Metropolitan Detroit Convention and Visitors Bureau and a managing partner of its hospitality services division and presently I am the chairman and executive director of the Windsor-Essex County Business Improvement Association, a coalition of 22 BIAs with a total membership of 7,000 members.

Why do I tell you these things? It is because what happens to Windsor is important to me. I care about Windsor. I care about Ontario and all of us who derive a living within its boundaries. I am here to express my opinions on casino gaming in Windsor and in Ontario and, most importantly, my views on the effects gaming will have on the Windsor community and the many organizations I am associated with.

Over the past few days you have had many issues presented to you. Some you wanted to hear, and maybe some you didn't, but the bottom line is that you are listening. I have been in this room for the most part and I have listened as well and have deduced that our community, starting at the top and working its way down, has its finger on the pulse.

Yes, it's true that we, like many other border cities in Ontario, have taken a back seat to cross-border shopping and yes, we have more than our share of unemployment, partly because of this phenomenon. But we're steadfast in our efforts to overcome these obstacles. Yes, we have a dwindling population in Windsor, and this is affecting everything from our tax base to education, to the charitable dollars available to help our community through these rough times. But believe me, Windsor knows how to roll up its sleeves and get the job done. We are survivors. This is why I believe Windsor was chosen for the pilot project. We're telling you, with the passing of Bill 8 Windsor will show you our stuff and all the citizens of Ontario will benefit.

Ladies and gentlemen, we want what you want. We



want full cash registers. We want tourism to be a leading industry in Windsor and in Ontario. We want our people back to work so that they can fill the cash registers and have a better life and a better place to raise their children. You have the opportunity of introducing a new industry to Ontario, and through the passing of Bill 8 the wheels will roll to put thousands of people to work. The economic spinoffs will be overwhelming.

Most recently a group of merchants and business leaders returned from a visit to an emerging gaming area in the southern United States. We had a business-to-business exchange of ideas, you might say. What we learned was interesting, and I would like to share just a few of our findings.

We found that the crime rate in the area we were visiting had dropped drastically, which was attributed to higher employment, resulting in a newfound pride in their community. We were told that their unemployment dropped to below 4%. Our Chief Adkin has already stated that Windsor's crime rate has been on the decline in the past 24 months. Can you imagine what might happen if 8,000 people go back to work?

As far as organized crime goes, I have no report, but I feel comfortable that Chief Adkin is in control of all aspects that need to be addressed.

In the retailing community we learned that merchants were enjoying increased sales revenues from their regular customers, who now had more discretionary dollars to spend. One merchant told us that he was selling an average of 25 additional suits a month to his regular clientele, some of whom had gone back to work, some of whom had upgraded their jobs and some who had felt a comfort zone in the increased volume of dollars being spent in their community.

Others said they had experienced an increase in business as casinos were opening, but that the business had tapered off, so we went into the community and asked some questions. We also found that they were suffering from the mall syndrome. A large mall had opened about 10 miles from the downtown core. Instead of organizing, they disorganized and eventually disbanded their retail association of merchants as they moved out or closed their doors. Thus, there were no unified promotional efforts in place when casino gaming came to town.

Let me assure you that this is not the case here in Windsor and Essex county. Our business associations are strong, well-organized and understand competition, especially from across the border. We have learned to compete with each other on all levels. We are lobbying the marketing boards, we are learning better buying habits so that savings can be passed on to consumers, we are training our employees to present a better level of service and we've even instituted a value assurance award program for merchants who excel in service, fair

value and fair exchange of US dollars. This program has been instituted through our Windsor and District Chamber of Commerce.

As Ontario's largest border city and the gateway to Canada, we also have a track record and a clear understanding of tourism and its economic impact. The International Association of Convention and Visitor Bureaus states that each visitor spends an average of US\$850 for a three-day stay in our area, and we are out to get it.

The Downtown Business Association for years has been promoting itself quite successfully to the 4.1 million users of Detroit's Cobo Convention Center and to the more than three million visitors to the Renaissance Center, also located in downtown Detroit. This is done through two Visit Windsor/Visit Ontario exhibit centres that are staffed daily by Windsorites. We work every convention, every meeting, every trade show that comes to town. We do the auto show, the boat show, the cat show, the dog show, the Society of Automotive Engineers with 40,000 delegates, the Society of Manufacturing Engineers with 30,000 delegates annually and everything in between. You see, we understand that if one of those visitors makes their first visit to Canada at Windsor, more than likely their next visit to Canada will be an overnight stay.

We have already successfully, in partnership with the city of Detroit, hosted more than 20 regional conventions over the last four years, with both cities' downtown hotels filled to capacity, and we've worked hard to achieve this. Most recently, the International Chiefs of Police convention was here, with 8,000 delegates dropping millions of dollars. Yes, we have an understanding of tourism here in Windsor. We already have the red carpet to Ontario laid out.

In the world marketplace, Windsor will become a regional tourism destination. I am confident we can compete with larger American gaming cities, both near and far, for discretionary entertainment dollars, because Windsor can offer something to our visitors that those cities can't, and that is the international flavour of Canada.

In closing, let me say you're in good hands here in Windsor. We have strong constitutions; we understand cross-border shopping, as we have been dealing with it since furs and canoes were on the river. But it will only be through your diligence that this industry can create a win-win situation for all. With the passing of Bill 8, Windsor will lead the way for casino gaming in Ontario. Work with us, learn with us, as we are like sponges and we thirst for the knowledge to make this new industry, casino gaming, profitable for all.

In final conclusion, quite simply, let's do it; let's make it happen. I welcome any questions.

**The Chair:** We have approximately seven minutes per caucus. We're going to start with Mr Carr.

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**Mr Carr:** I was interested in one of the figures you used, the US\$850 for a three-day stay in the area. When we asked the government, specifically when the deputy was here, how much they anticipated, they didn't anticipate nearly that much. They said what they see is when people are coming over now—I know you say for three days, but they say most people who are going over are coming back and their studies say their spending was just for dinner and a drink.

Why the big discrepancy? And aren't these figures out of whack a little bit because this is specifically for casino gambling purposes, the 8,000 coming in? How much do you anticipate people spending? There's a big difference between US\$850 and what the government says, so it's probably somewhere in between.

From your best guess as a businessman in the hospitality industry, when the Americans come over to gamble, how much outside will each of them spend approximately? I know it's a guess, but what's your guess?

**Mr Williams:** I'll try to qualify the numbers for you. Not to discredit the government and the numbers that you were given, but I must clarify that the Detroit convention bureau is the oldest convention bureau in the world. It's over 100 years old, so they have been monitoring these programs for many years.

The International Association of Convention and Visitor Bureaus has done surveys in the marketplace for many years and these numbers have been given to us and have been monitored for almost 10 years in our area, more specifically in Detroit, but most recently, in the last three years, they've considered us a regional destination.

So I would almost tell you that those numbers are low, but I must share with you that included in that is the cost of an airline ticket.

**Mr Carr:** I hope you're right. It just seems that when you're comparing people going—and there will be some convention business too—but a large part of them will be just day trips coming over, so it won't be that high. We hope they spend a lot.

Another question relating to the jobs that are coming in: I notice you had put in a letter that you're representing one of the proponents, but what do you believe will be the number of actual jobs? The government has said it will be 2,500 in the casino actually. When it gets up and running, how many people do you think will be employed in the casino, direct jobs?

**Mr Williams:** This will be my own personal opinion. Having surveyed different facilities similar in size and similar to the style that we are going to operate and in the consideration that this will not be a hotel with a casino but a casino in itself, I would think we are somewhere between 2,000 and 2,500 jobs directly at the

casino facility, taking in the valets, the car parkers, the seamstress, whatever will be onsite.

**Mr Carr:** With your background, being in the hospitality industry, one of the concerns I have, not to be negative about it, but there are some restrictions. There's no liquor in there. They're attempting to do a little bit different style than Las Vegas and Atlantic City, which may be to the advantage of the community not having the restaurants so we can get surrounding spinoffs and so on. But the big key—and I notice your background is in marketing—is, what does the average US gambler want? Because if they don't, they'll go to another place. There are casinos all over and more of them.

Your best guess of the US gamblers coming in and the way it is being set up to be a little bit different, do you think we are going to get a high proportion of the US gamblers coming back and saying, "This is the type of gambling casino I'd like to come to," knowing some of the restrictions that have been placed on it by the government and knowing they're going to compete with Las Vegas? Are the gamblers going to continue to come back here? You're probably the one with the biggest marketing expertise we've had come through. Will it work and will they continue to come back?

**Mr Williams:** There are a number of questions to answer and I'll try to answer them all but, please, if I don't, ask me again because I'd like to answer every one of them.

**Mr Carr:** That's fine.

**Mr Williams:** Because this is Canada, the flavour that we have here is one of the main reasons people will come. That comes from being on the front line with the downtown business association in Detroit. We literally talk with the Japanese—although I don't speak Japanese—but we do confront with them. We talk to these delegates. We make the decisions basically for them when they come over to Ontario. It's the charm of Canada that brings the visitors here and that's the first thing we have to offer.

As a private company, we have surveyed consumers through the auto show, through the boat show and these different consumer shows. I am not going to disclose all of those numbers, but I will tell you that of the 7,000 people we surveyed, I would think that liquor is a component in their decisions for some of the entertainment they enjoy. We also found, though, that casino gaming was not the priority on the list of 10 items for making a vacation visit, other than those who chose Las Vegas or Atlantic City as a destination.

I do say to you that the liquor laws have changed over the years from Prohibition and on to even purchasing alcohol on Sundays. This is a test and I think we should treat it as such and be concerned as to the visitor who comes to our area. But I think we can compromise



at the outset and the visitor will clearly be well pleased with the alcohol consumption being done in certain areas at this time.

**Mr Duignan:** We have no questions at this time.

**The Chair:** Mr Callahan.

**Mr Callahan:** Mr McClelland will go first.

**Mr McClelland:** Mr Williams, I'm going to read into the record, for Hansard, a letter that was sent by yourself on August 13 to the clerk of the committee. I'll read only the third paragraph and ask, Mr Chair, that the letter in its entirety be made an exhibit to the hearings. I read paragraph 3:

"Please note that I am on the advisory committee as well as a paid consultant of one of the proponents bidding for the Windsor casino and will advise the committee of same at the outset of my presentation. Please be assured that my affiliation with the proponent will not be a consideration nor will it be included in any part of discussion both written and oral."

I then, sir, want to refer you to page 4 of your submission and the third-from-last paragraph which begins, "Most recently a group of merchants and business leaders returned from a visit...." I believe that visit was to Mississippi.

Mr Williams, you were here this morning. Were there other people you saw presenting this morning who were members of that group as well?

**Mr Williams:** Yes, sir.

**Mr McClelland:** Would that include people who came here, taking nothing away from their representation, Mr Deeg and Mr Funaro?

**Mr Williams:** Ms Funaro, yes.

**Mr McClelland:** Were there others who have appeared before the committee, to your knowledge, such as yesterday, who were also members of that trip?

**Mr Williams:** Yes, sir.

**Mr McClelland:** Who paid for that trip, sir?

**Mr Williams:** The proponent paid for the trip.

**Mr McClelland:** Okay, and would that proponent be Grand Casinos?

**Mr Williams:** Yes, it is.

**Mr McClelland:** Thank you.

**Mr Callahan:** If I can follow up on that, you're a member of the advisory committee. Is that the advisory committee that's referred to under paragraph 4 of the Request for Proposals, which refers to, "Any attempt on the part of proponents or any of their employees, agents, contractors or representatives to contact any of the following persons with respect to this RFP may lead to disqualification"?

I'm going to jump down to the one which reads, "Any members of the review panel or any expert or other adviser assisting the selection committee." Is that

the advisory panel you're on?

**Mr Williams:** I'm on a community advisory panel here in the city of Windsor.

**Mr Callahan:** How is that linked with the selection process?

**Mr Williams:** I'm not involved in the selection process at all, sir.

**Mr Callahan:** Well, you felt—and I commend you for doing it—it was important to advise us at the outset that you were on an advisory committee as well as a paid consultant. In your capacity on the advisory committee, is that the BIA advisory committee you are talking about or is that something more closely related to the selection and review panel?

**Mr Williams:** I am on the advisory committee for one of the proponents on behalf of our community.

**Mr Callahan:** What does that entail?

**Mr Williams:** It involves bringing forth information regarding our charitable organizations, our business improvement associations, our chamber of commerce, whatever information that may be necessary to better understand our community.

**Mr Callahan:** Perhaps we should look into this. I don't want to create any difficulties, but I want to find out how he fits into paragraph 4 and how his actions as being a paid consultant for Grand Casinos are affected by paragraph 4 of the Request for Proposals, because that section says that if that's the relationship, it may lead to disqualification. I think that's something very important to determine. I'm not trying to go on a witchhunt or anything here.

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**Mr Williams:** I'd like to clarify that I did advise that prior to my presentation last week by telephone and also in writing and was suggesting that if this was improper I would not represent our community today.

**Mr Callahan:** I almost stopped you before you started going into it, in fairness, because I kind of thought you were—I gather you spoke to the clerk and the clerks of these committees are the most marvellous people in the world, but they're not going to give you advice one way or the other. I'm sure, knowing the clerks as I do, they would've told you that, that "I can't advise," that you can put it in writing and let the members know, but I have some concerns.

As I say I should've and had thought about asking the Chairman at the outset to clear that matter up before you spoke because I have some serious concerns that your connection, and I'm not quite sure what that connection is, may in fact have placed in jeopardy the question of Grand Casinos, because, if you fit in the category of paragraph 4 of the rules, then you may have in fact breached them. I don't know. I'm just asking for some assistance.

**The Chair:** I just want to say that I did scrutinize the letter of August 13 that has been referred to and the submission, and I think that Mr Williams made it clear that he was representing the Downtown Business Association. That in itself is not a conflict. Until you raised this point, it wouldn't have been raised before the committee at all.

**Mr McClelland:** That's precisely the point.

**Mr Callahan:** Excuse me, just a second, Mr Chair, I know what you're saying, but Mr Williams in fact indicated to us in the letter that he would advise us of this at the outset. He didn't. That gave me some concern and that's why during it I almost stopped, but I didn't want to interrupt the gentleman, and asked you for a ruling on it.

**Mr Williams:** May I clarify?

**The Chair:** I would just like to say one thing first, Mr Williams, and that was the fact that we all had this letter placed before us and he said he was going to say verbally during his submission that this was the case, I didn't know if that was necessary or not. He didn't. We all knew what he represented and he's claiming and duly has submitted that he represents the Downtown Business Association. I didn't see that as a conflict.

**Mr Callahan:** I have no problem with that, Mr Chairman. I'm not trying to create a witchhunt here. In fact I think the man has been quite upfront in terms of giving us that information. All I'm saying is, I know the minister was quite properly unhappy about the visit that took place. She said so in the press. What I want to find out, for the benefit of this gentleman as well as everybody else, is what he has done and is his capacity a breach or grounds for disqualification under section 4. I know it's permissive and it may well be that whoever decides that will say, "This gentleman was upfront with us. He told us what he was doing and therefore the group should not be dismissed," but I think we should find that out so we know what the grounds are.

**The Chair:** I'm going to let Mr Williams respond. I'd also like to add again that he made it clear he was representing the Downtown Business Association. His submission pertained to and was directly related to that. I didn't see that as a conflict. Had he raised other issues in his presentation, that may be the case, in my opinion. Mr Williams, you did want to say something.

**Mr Williams:** Believe me, I thought that I took every effort in presenting my association, with my community, as well as with the proponent prior to being here. If that's not the case, then I clearly am misunderstanding the procedure. I did make the telephone call. I did speak directly with the clerk on the premises here. I did advise with a hard copy of the letter on Monday on my first arrival here. I did discuss it again this morning. I did prepare a hard copy of the letter for your presence. At the outset, I would think that if anyone had

an ill feeling of that, it should have been spoken at that time, before I made my presentation.

**The Chair:** Mr Kwinter, you wanted to say something?

**Mr Kwinter:** Mr Williams, I have another concern. I've been sitting listening, and I understand there are at least four, and I'd like to know from you the exact number—there may be more—of the people over the last two days who have been making presentations to us and telling us about their trip down to Mississippi—I certainly had the impression while I was sitting here that this was an ad hoc committee put together by the city of Windsor to go down and investigate what is the impact on a particular community from casino gambling. I now find for the first time, after listening to this, that all of these people had their way paid to go down by a proponent, which puts them into a conflict situation.

I think they should have at least declared: "You should know that one of the proponents took me down to Mississippi." That puts some sort of an onus on them, and I don't want to put it in crass terms, that: "This is payback time. We're going to go to the committee, and to show you our appreciation for taking us down there, we are going to speak in favour of this proposal."

I have no problem with the idea of a municipal committee going down and making that investigation and coming back and saying, "Here's what we've done." But I think in fairness, and I think in fairness to the process for other proponents, to have deputations here putting themselves forward as citizens of the community, which they are, without declaring the fact that they may be in a conflict situation—because, I can tell you, in the Legislature it would be illegal for any of us to have done that.

To have these people appear without declaring that and without letting the committee know that this was how they got there and why they were there and that there is an implicit obligation on their part because of the fact that a particular proponent paid their way down, looked after them, did whatever they did and brought them back—and now these people, virtually every one of them, one after the other after the other, coming forward and talking about what a great thing they saw and some of the things that they did. That's the concern that I have.

**Mr Williams:** If I'm not mistaken, this was presented at legislation, and there are written documents and so on in place regarding this visitation. It's unfortunate that our community did not allow for the forum for our business leaders to take the opportunity to visit locations of emerging gaming. We are a small community. Many of these people should have taken the trip. If all of the proponents, I suppose, asked, we all would have gone. I don't think they felt that they were in violation of



anything. They are all acting on their own behalf, representing their own businesses and their own associations in Windsor and Essex county.

Our integrity, I think, is at stake here. I don't feel that they meant to misrepresent themselves. We are good citizens in this community. Our intention is only to give you the best possible knowledge that we can as business people in our community. That's our intent, and that's all our intent ever was. The fact that we made the visit on the trip—we would go to any city if we were invited to do that, but we weren't.

**The Chair:** I just want to make a comment as a non-partisan person, as the Chair should be. I have been here consistently throughout these hearings so far; I have not missed anything except for maybe a very few minutes out in the lobby. I have not had anyone come forward and say that they were a proponent or ask for support of a particular proponent. I just wanted to note that certainly I think all the committee members would agree that's been the case, and indeed you haven't come forward as a proponent either, or representing a proponent.

We're almost at the end of the time here. However, Mr McClelland.

**Mr McClelland:** I think it's an important point. Far be it for me to be presumptuous and give you advice, but I think perhaps we should leave that determination about the appropriateness to another time and perhaps another place, and we'll deal with that in its own right.

The question that I would ask of you as Chair is to utilize the power and the authority that you have, together with the residual authority of the Speaker, to determine how many presenters to this committee, to the best of our knowledge or from what we can ascertain, were in fact paid guests of Grand Casinos or any proponent. I think it's important that we be advised of that. I'm talking specifically of presenters we've heard to date and I'd ask you as Chair to undertake to make sure that is dealt with in the appropriate manner.

**The Chair:** I'll find out that information for you.

Mr Williams, I want to thank you very much for presenting before the committee today and I hope everything goes well for you.

**Mr Williams:** Thank you.

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#### CITIZENS OPPOSED TO CASINO GAMBLING

**The Chair:** Our next presenter today is Citizens Opposed to Casino Gambling, and we have Rev Donald Bardwell, if you would like to come forward and make yourself comfortable, sir. Welcome to the committee, Rev Bardwell. You have 30 minutes with which you can make your presentation. You can use all that time or save a portion of it for questions.

**Rev W. Donald Bardwell:** Thank you very much, Mr Chairman. I really appreciate the opportunity to be

here. At the end of my presentation there's a little dialogue that I'd like to enter into, and I have one of my colleagues, Doug Sly, with me. I would like to ask whether it would be appropriate, and with your permission, at that time to ask him just to join me. Would that be all right?

**The Chair:** You can have him come forward right now if you'd like and he can sit with you and we can introduce him directly so that we all know who he is and we'll have his name for Hansard.

**Rev Dr Bardwell:** I have been known on occasion to divert and stray from my text, so I'm going to read this, but on other occasions I don't always do that.

**The Chair:** Rev Bardwell, just before you start, if you could introduce your—

**Rev Dr Bardwell:** I'd like to introduce Rev Doug Sly, who has been a member of the citizens opposed to the casino project team.

**The Chair:** Please proceed.

**Rev Dr Bardwell:** This presentation represents the reflections and concerns of Citizens Opposed to Casino Gambling, of which I happen to be the co-chair. The other co-chair, the Rev Mrs Kaija Ranta, is in Finland undertaking graduate studies, else she would be our able spokesperson today. I'm joined, as I've said, by the Rev Douglas Sly, a member of our team.

Our little group was formed rather spontaneously in the spring of 1992 when it first became apparent that a modest casino was being proposed as a way of financing the anticipated sportsplex for this city. Since that time we've gathered about 4,000 signatures petitioning against casino gambling, held a public forum on the issue, had a large number of conversations with individual people who've contacted us and written numerous letters and visited several members of the Legislature in Toronto.

The editorial in Monday night's August 16 edition of the Windsor Star reflects, correctly, in our view, a prevailing opinion that any attempt now to convince others that the introduction of casino gambling is an unwise move for the long run is an impossible undertaking. However, during our deliberations and consultations we have met many people who have asked probing questions and have expressed opposition to what we feel is an ill-advised venture.

It is appropriate, however, that we should not excuse ourselves from our obligation to see that viewpoints raised by such constituents are expressed as clearly and as forcibly as possible. That is the democratic process, but the first point we raise is that the democratic principle of debate in open forum where differing views can be explored and debated before being confronted by already made decisions or action proposals has not been followed.

Ever since Windsor city council endorsed the intro-

duction of casino gambling to this city, there's been very little opportunity to discuss in an open way some of the deeper issues that are at stake. Opposition to the proposal, which has ended up as Bill 8, has been reduced to being opposed to particular actions to be taken. There has been little opportunity to discuss government-approved and -commended casino gambling as a form of recreation that citizens of this province and elsewhere are encouraged to enjoy, other than taking an adversary position. There never was any kind of white paper dealing with the issues of casino gambling.

People who have talked with us also have raised the question of the adequacy of vision of a government getting this long-term enterprise off the ground. With all of the economic problems that we face, why do we have to settle for this? Why not something else? We are told that Ontario is behind the times in terms of getting on board with the gambling craze that is captivating North America, but there seems to be little serious leadership by the government for any reflection on the nature of this gambling fever, its causes and its possible detrimental effects.

People we talk to and have talked with us ask, in what way does this kind of activity build up a sense of community within the city? There is an expectation expressed to us of greater visionary leadership for our time. That expectation is being diluted by a certain, if unfortunate, cynicism about our own civility and also for the high office of being elected to govern.

Many believe that there are long-term ethical issues for a government to promote legalized casino gambling that have not yet surfaced, let alone been resolved. We've been consumed by the technology of the casino world, rather than its meaning and its purpose. An article in the August 11, 1993, edition of the Windsor Star by Dr Megeed Ragab, professor of business strategy at the University of Windsor, cautioned that to make the casino a success, every possible opportunity must be seized upon now that the ethical and moral issues have been put to rest.

Our lament is that the ethical consequences of gambling that pervade our society in so many forms and are now given new hype by casino gambling have never been allowed to get out of bed in the morning, let alone make their way into the living room for more civilized discussion.

If one raises the question of morality or the common good of all of this, there has been a certain spirit, if you will, of intimidation, a certain humiliation. It is the media, the television, radio and newspaper reporters, who have tried to be fair in this, and given the voices of opposition an opportunity to be heard and encouraged issues to be raised. It is members of the opposition parties as well as a few members of the government itself, one of whom has felt it necessary to resign and sit as an independent over this matter, who have tried to

point out some of the pitfalls of this enterprise, but so far we have not been aware of thoughtful and reflective people being able to bring about a collective wisdom and vision on this matter without becoming adversaries and the issue becoming divisive.

We ask whether such divisiveness is going to impact upon this city. Windsor has a history and a legacy of pulling together. There has been a certain cohesiveness where citizens have sensed a spirit of belonging, and there is a fear that the consequences, both social, moral and economic, may be divisive among us.

It is that concern for a sense of what contributes to the common good that motivated the people of Detroit and Port Huron to say no to casino gambling. Our native sisters and brothers on Walpole Island have a vision and a hope and a dream that there has to be a better way than this. We ask our leaders to bring a vision of the promised land and we are presented with the technology of a temple of chance.

We now list more specific concerns that have been raised and that we raise.

There is a belief on the part of many that casino gambling is an invitation to increased crime. The question persists, as we in Windsor listen to events of crime across the river and as we read of the downside effects of casino gambling in other cities and as we anticipate 8,000 to 12,000 people coming over the bridge or through the tunnel daily, what makes us think we can be special? But it isn't only the increase of crime that is the problem; it is the perception that there will be an increase in crime and not adequate policing to prevent that from occurring that is the fear.

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There is the matter of persons who become addicted to gambling and suffer serious loss of money, of home and of family. Statistics range from 3% to 5%. The costs are enormous here. What provision is being made to help persons so affected and their families? The people who can least afford it face the prospect of losing a great deal.

With the possibility of 8,000 to 12,000 persons coming into Windsor on a daily and nightly basis, what consideration has been given to the demand that will be made on our medical facilities in this city and what will be the continuing availability of those facilities to the residents of our city?

If a private American company runs the casino, what real, guaranteed assurances are there that special arrangements will not be made down the road to allow them to bring in their own people already trained at the management and operational level, leaving only the most menial jobs for our local citizens?

Finally, there is a particular concern, with all that we have heard, that the character of the city will be affected and changed. What will these changes look like? We are



told that Windsor is a pilot project. There is a fear that any evaluation of this project in a serious manner will simply be overshadowed by the enormous profits and the enormous capital investment of such an enterprise and that we will be left to deal with the long-term effects.

That's why we were so interested in a conversation on the program *Venture* between Robert Scully and Donald Trump, aired on the CBC, April 4, 1993, which went as follows, and I would like, with my friend Doug Sly, just to take us through that dialogue:

**Rev Douglas Sly:** "Donald Trump: I do indeed have my eyes on a casino in Windsor. I've spoken with the mayor, Mayor Hurst, and spoken with a number of people. And if we get it, we'll do a beautiful job. There won't be anything to compete with it. It will be a beautiful job."

**Rev Dr Bardwell:** "Robert Scully: Now you know the fears that have always existed with gambling. You've had all these questions before, but they'll come up again: organized crime and also the social costs of the whole thing because sometimes it's not the richest people who go there to gamble. What's your answer to these two questions?"

**Rev Mr Sly:** "Mr Trump: Gaming doesn't come cheap and I have to agree with a lot of the critics on that. It brings crime. It brings prostitution. It brings a lot of things that maybe areas didn't have before.... There's a big cost to pay."

"I mean, most jurisdictions have considered gaming and most jurisdictions, even though right now it seems to be the craze, but most jurisdictions have rejected it. And the ones that have accepted it, many of them, if you gave them their choice again, they would have turned it down."

**Rev Dr Bardwell:** "Mr Scully: That's odd coming from somebody who owns three casinos."

**Rev Mr Sly:** "Mr Trump: No, no. I'm telling you the facts. The facts are that it's just been a very negative experience for a lot of cities and a lot of areas. And again most people—well, they've been looking at gambling in Florida for years and Florida has correctly turned it down. Florida's a booming economy. It's doing great and they've decided not to rely on the casinos."

"New Orleans is going to do a casino and it's going to totally change that whole incredible city. It's going to change it. It's going to be a different city."

**Rev Dr Bardwell:** "Mr Scully: Is it going to be worse?"

**Rev Mr Sly:** "Mr Trump: Well, it's going to be a city much different and perhaps worse. You can't say worse, but perhaps it will be worse. I mean, the French Quarter, these areas of New Orleans, these are classic great areas. This is not a city that's got problems from

the traditional standpoint. And it's going to be a very much different place. So you really have to be careful with a gaming experiment, and we'll see what happens."

**Rev Dr Bardwell:** "Mr Scully: But would your pitch, if I understand it correctly, your pitch to the people in Ontario might be: 'Listen, it's bad, but with me it will be a class act'? Is that what you're saying?"

**Rev Mr Sly:** "Mr Trump: Well, I think what I would say is this. If it's properly done and properly executed it could be really good. It's going to bring certain problems. The problems can be taken care of. If Windsor didn't need it, I'd almost say, hey, maybe you're better off without it. Because it does bring problems. There's no question about it."

**Rev Dr Bardwell:** "Mr Scully: Isn't the market about to be spoiled in North America because everybody is hankering after it? As you say, some jurisdictions end up turning it down, but now Montreal has said it will go that route, some native communities want to go that route...Windsor...Isn't the market about to be saturated?"

**Rev Mr Sly:** "Mr Trump: I think the market's going to have a lot of it and you're also building a larger base. For instance, people going up to certain casinos out in Minnesota, they come to Atlantic City, they come to Las Vegas, because they want to see the real scene and really what it's like."

"And it's very interesting that you build up a market. People that have never gambled before are all of a sudden...and now I'm not saying that it's a good thing or a bad thing, I'm just saying that as a business probably it will have a positive impact because more and more people start to learn how to play slot machines, how to play poker. They learn how to gamble and, or...most people don't learn how to gamble...so you could also say that."

"But the fact is you're also opening up vast markets and from my standpoint that's probably a good thing. From an overall standpoint I'm not sure as to whether or not that's a good thing."

**Rev Dr Bardwell:** Thank you, Mr Chairman.

**The Acting Chair (Mr Gordon Mills):** Thank you, Rev Bardwell and Rev Sly. In accordance with our procedure, now we have about four minutes each for each caucus to ask some questions. We're going to start off with the government side and Mr Martin.

**Mr Tony Martin (Sault Ste Marie):** I want to thank you for coming forward and I indeed, for what it's worth, express to you that it is important, even though it may seem like this is after the fact or the decision has been made and that you're not going to have impact, that you do bring forth your position and your concerns. I think you've raised some rather legitimate and real concerns in this paper, and certainly they're not concerns that have gone undebated or talked

about in the government circle. We have indeed a lot of people in our caucus who come from places where actually a sense of moral duty was what brought us to government in the first place. I myself worked for a church and ran a soup kitchen and counselled families with teenagers and did a whole lot of that kind of thing.

Casinos weren't something I gave a lot of thought to before I came to government or even after government, because I come from a Roman Catholic background and a lot of us were brought up on bingos and found ourselves from time to time volunteering in that venue. Certainly, there were people there who shouldn't have been there, spending money they really couldn't afford to spend. I'm sure that in the casino business there will be the same thing. I guess, to suggest that all of a sudden, because we introduce casinos to the economic fabric of the province, prostitution and crime and that kind of thing will rear its ugly head—it's already here, and I guess the question is, how do we minimize it? If we're going to introduce something new—and I suggest that anything new brings with it the potential for abuse.

I guess my question to you would be in trying to help me sort out some of it, because I'm sure this initiative will be introduced and well on its way and a number of us, including myself, will still be questioning, I suppose, whether it was the right thing to do in the first place. But how can we minimize the social impact and how can we maximize the economic benefit to the community and make it as legitimate as possible? You'll agree with me, I would think, that the way we do business and commerce in our country and across the world has changed significantly in the last number of years. It used to be that we were counselled not to buy anything we couldn't afford to pay for. Now we all go out and mortgage homes and take out loans to buy cars on the expectation that we'll be able to afford to pay for them. In the end, some of us are not able to and find ourselves in trouble or having to change course or whatever, and that causes great stress on marriages and families and that kind of thing.

Will the introduction of casinos to the economic fabric of Ontario add significantly—I guess you're saying here that it will—to the numbers of people who find themselves in difficulty because they've wagered, any more than what life offers them now by way of wagering and taking a chance on the things we buy and put our money towards?

**Rev Dr Bardwell:** I think it's raising the stakes. It's raising the ante on it and I think, by a government introducing this and supporting it, it gives to a lot of people the idea that this is the right thing to do. With you, I share the concern. I read recently that it used to be that on our Visa and MasterCard credit cards we were encouraged to pay that off within the 30-day period or whatever. But I read in the paper about a month ago that now Canadians, and I guess every-

where—but now it's a question not of doing that but of getting the Visa card and then the MasterCard and now the GM Visa card and the Discover card and borrowing up to the limit of those cards. So if I have \$4,000 of credit on my Visa, it isn't that I will spend \$500 and pay it off within the time, which I personally do, but it is rather that I will borrow up to that \$4,000 limit and I will live at that. I think you put your finger on a very important point.

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When you say "worldwide," there's a difference in the way we do business. I agree with that, but I think there's also a difference in terms of how the ordinary citizen is looked upon in terms of being expected to manage his finances. You talk about what we can do. I think there's a lot more education that's going to be needed. I think there's a lot more encouragement for us to be honest, caring and responsible citizens. I am really, frankly, worried.

I had one person in my study yesterday. I've known him for some time. For three years I was on the counselling staff at Brentwood Recovery Home for Alcoholics. I think Brentwood does an excellent job in terms of helping the alcoholic, it helps the person who is a workaholic and it helps a person who is sexually addicted. Those are three things that I think that resource does. I share the concern around a gambling addiction. This person came and he said: "I don't know. We've lost it as far as our family is concerned now. We're over \$12,000 in debt." I think that unless we're very vigilant in this, there's going to be a mindset that this is really okay. I have concerns that the introduction of casino gambling increases the hype of all of this.

**The Acting Chair:** With that comment, I just have to advise you that we're out of time for the government caucus, and I move to Mr McClelland.

**Mr McClelland:** Thank you. I appreciate that.

**The Acting Chair:** You have four minutes.

**Mr McClelland:** I doubt if I'll use that. I just wanted to indicate, reverend sirs, that we appreciate your being here. Indeed, I think it reasonable to say that we should face reality. The fact of the matter is that the government has made a determination, and so be it. I think that at the end of the day, your concerns expressed so very well at the end of the complete paragraph on page 3 say it succinctly.

I would hope that the outcome of this committee would be that there would be some thoughtful collective consideration of the concerns that you raise. I suppose, when all is said and done, the decision having been made, what we can do and seek to do as colleagues all, as Mr Martin has so well indicated, is to try to address the problems and the concerns that you have.

I think it evident, not only from the submissions that you have made but from others, that there will be



downside effects. I suppose that in fact is oft-times the reality of life: With every benefit, there is, more often than not, a potential burden. We would hope the concerns that you have raised, representing both the members of your congregations and the citizens at large of Windsor, would be addressed effectively by this process.

I know that may sound somewhat esoteric and pie-in-the-sky, but I just want to add, as a representative of our caucus, that we will do our utmost to have the answers as we are able to attain them, assurances that some amendments may be forthcoming and things that you will put in writing. Nothing is cast in stone, but we will be doing our best to have some of these addressed in a substantive, concrete manner.

Again, I just say thank you for your contribution. Rest assured that I think, in the goodwill of all of our colleagues, we'll do our best to address those concerns. If you care to add anything, please feel free to do so, sirs.

**Mr Carr:** Thank you very much for the presentation. I too have had a lot of letters from a lot of church groups, and you didn't touch on some of the religious reasons for gambling. Is there anything you'd like to add from that standpoint in terms of reasons, either through the Bible—at the risk of mixing religion in politics, is there anything in it that would lead a lot of the church groups to be voicing opposition, as they have to me?

**Rev Mr Sly:** If I may, Mr Chairman, I am a minister in a city in the east end of Windsor, which is a lower-middle-class area, and we have in our congregation a fairly large benevolent fund that we raise from contributions from people in the congregation for people who need groceries and vouchers for various things, but mostly for food, and we have a number of welfare families in our congregation.

My concern I think throughout this whole year and year and a half has been the appropriateness of government to be in a kind of industry where people lose things. That's been part of it.

The other thing is that my concern has also been for people who are not very good at handling their money and who want to get that pot of gold at the end of the rainbow and who are willing to gamble pretty much whatever they want. I don't know whether any consideration has been given that a cash-only stipulation could very well be a deterrent for people who want to make that pot of gold. If that were a kind of deterrent, it may very well be a saving device for people going into a large amount of debt. That would be one of my basic concerns.

**Mr Carr:** What do you say then if it is the issue of the governments taking money from people who can least afford it? The same thing of course is the case

with lotteries. How do you argue when you say, "We already have lotteries and people will be doing the same thing with the lotteries"? How do you argue that, saying we already have it and we already have big deals, it's just the government doing it now? How would you counter that charge?

**Rev Mr Sly:** I feel that the government involvement in this is for me irresponsible in the sense of creating a sense of responsible citizenship on the part of people. That is, I would think that the function of government for me is quite different from being involved in a kind of recreational industry in which people are losing out. The whole approach to this is based upon greed, really, and it's one of the things that people can get something for nothing. That kind of approach, it appears to me, is on the part of government—I cannot really accept the government's involvement in an industry in which this happens.

**Mr Carr:** Thank you very much, Reverend.

**The Acting Chair:** Thank you, Rev Bardwell and Rev Sly, for appearing before the committee. On behalf of the committee, I thank you. The committee stands adjourned until 1 pm.

*The committee recessed from 1159 to 1305.*

DWIGHT DUNCAN

**The Chair:** I'm calling the standing committee on finance and economic affairs to order. Our first presenter this afternoon is Mr Dwight Duncan, vice-chair of the strategic planning committee, Windsor city council. Please be seated and make yourself comfortable. Welcome before the committee, Mr Duncan. You have 30 minutes to make your presentation. You may use all of that to make a presentation or leave some time for questions, if you wish. Please proceed.

**Mr Dwight Duncan:** I don't intend to take the full amount of time that's been allotted to me. The mayor, Michael Hurst, spoke from the official position of the city of Windsor. I will try to avoid any repetition with what the mayor has said, but there are several issues I would individually like to address to this committee and to the Legislative Assembly of Ontario. I think I can summarize them in relatively short order.

I want to deal with the background of the gaming initiative in our community in the first instance. I'd also like to address two very specific concerns with respect to Bill 8 and then finally address one or two process issues in terms of the dialogue that I've witnessed in the Legislature with respect to this casino initiative in our community and our community's approach to it.

The casino came at the city of Windsor in February 1992. Prior to 1992, the city and the county and our entire community engaged in a process called Prosperity 2000, which was an economic strategic planning document that was designed from this community's perspective to help us address the cyclical declines in

the automobile industry and help us achieve, we would hope, a more diversified local economy in the long term.

There were seven strategies that came out of the Prosperity 2000 document. One of those strategies was the improvement of what was identified in that document as tourism infrastructure or hospitality infrastructure.

Consultations with our local tourism industry and the hotels and the providers of services pointed out that this community lacked any kind of destination attraction or any kind of tourism facility that would cause somebody in either Frankenmuth or Parma, Ohio, or Markham, Ontario, to want to come to Windsor.

Frankly, at the time the document was formulated, I don't think anybody envisioned casino gambling being on the public agenda, but when the developer came to city council and said, "As part of the multi-use facility that you have approved, I would like to put a small casino in, along the lines of the Winnipeg casino"—and I'm sure you know the history behind that—city council was asked to endorse this concept. All of you are elected members. I remember when I was sitting listening to discussion and contemplating how I was going to vote, I thought: "This is a good idea. It makes sense and it falls right into line with our Prosperity 2000 initiative." But I also remember thinking to myself, "I'm going to vote for this and I'm going to fasten my seatbelt, because I have a suspicion there's going to be tremendous opposition." So we endorsed the concept.

Lo and behold, there were no phone calls the next day. In fact, the support began to mount very quickly. I should point out to you that this initiative, this endorsement of casino gambling happened a full four months before the province of Ontario contemplated it publicly. In fact, two years earlier our previous mayor had proposed a similar concept. He proposed that there be riverboat gambling using the charitable rules, and that never got off the ground.

But in any event, when it came to us, we were prepared to support it and did so with some trepidation. But what happened was that the community got behind it, and I would suspect that if you did a poll or a survey, you would find probably overwhelming support in this community.

You heard from the Rev Don Bardwell earlier today, a very good friend of mine. He and I worked together in the same social service agency for many years, and he represents a very real point of view but a very small point of view in this community. For whatever reason, for a variety of reasons, the support in the community built. Then the government listened to us and incorporated it in its budget of 1992. Then finally, in September 1992, they announced the city of Windsor as the sole pilot project.

What I want to stress today to this committee, particularly to those members who have somehow got the impression that there's a groundswell of anti-casino feelings in this community, is that they're not here. This is something that is welcomed in this community. I hope the opposition will focus its concerns on the types of issues that were raised by the mayor on Monday and recognize that this community, across all party lines, across labour and across management, supports the initiative.

I also want to point out, as a member of city council and as someone who has been intimately involved in this process, that none of us in a position of leadership in this community views this as any kind of panacea for our economic problems; we don't. This document views tourism infrastructure as one component of what will hopefully be a longer-term strategy that will lessen our dependence on the auto industry and, as a corollary of course, lessen the impact of the normal cyclical ups and downs that industry goes through.

We take great exception to the notion that somehow we're just like kids who are waiting for things to be thrown to us and that we're wiping our hands in glee. To suggest that this community hasn't thought this through, to suggest that any of us in a position of leadership don't recognize that there are problems associated with this initiative is to betray real lack of understanding of what has gone on in this community in terms of economic development over the last five years.

The point I really want to leave you with is that none of us in this community believes that the casino is the be-all or the end-all, that none of us believes that it's going to permanently eliminate problems or concerns with the cyclical downturns in the auto industry, but that it is one component of what will hopefully be a number of strategies.

Another strategy that was announced in the Prosperity 2000 document was government jobs. We of course were very disappointed that we lost our Ministry of Labour jobs. That hurt, even in light of the casino initiative. We will continue to fight not only the provincial government but hopefully the federal government for commitments to locate either central jobs or more regional jobs in our community.

This process has been well thought out in this community. There's nobody in this community who believes it's the be-all or the end-all. It's something we're prepared to deal with. This community is not represented in the opposition benches. I would hope that as members of the opposition contemplate their position on this issue, they will take into consideration the fact that our local labour council, our local chamber of commerce and our local municipal council have all unanimously endorsed this concept and are prepared to fight for it and are prepared to stand up for what we believe is in the best interests of this community.



With respect to the specific concerns in the bill, I think a number of us on city council feel probably much like a parent who has had to give up a baby for adoption. We let the genie out of the bottle, if you will. We had some specific ideas of our own, and now a lot of it is out of our hands. The two concerns I have with Bill 8 specifically are: In terms of the Ontario Casino Corp, there's no provision for local representation on the board of the Ontario Casino Corp. Given that this corporation, at least over the next couple of years, will be a Windsor corporation—and where the government goes or future governments go in terms of casinos I'm not concerned with at this point—given the fact that this corporation will be a major employer in the city of Windsor and will be the major crown corporation presence in the city of Windsor, my hope would be that the legislation would be more specific in terms of the order-in-council appointments to the board. I would feel much more secure if provision was made in the statutes as opposed to simply being silent in terms of order-in-council-appointments to the board of that particular corporation.

The other issue that I will stress again, and that I think the mayor made very clear, is the question of revenue-sharing. It is not my view, nor the view of tax experts I've spoken to, that getting a cut of the revenue is a form of taxation that would be conceded to the city of Windsor and wouldn't be conceded to other localities. The city has, in my view, provided a meaningful method by which the municipality could receive more compensation, that being through business licensing and business taxes.

I would ask this committee to consider that issue carefully and look at alternatives that have been presented to you by the city of Windsor and hopefully recommend to the government that it try to recognize the importance of this.

The provincial sales tax rebate issue is a really important one. Given the nature of this initiative in Windsor—and presumably if you do do other casinos, some of them will be in the border towns—that's an important thing in terms of happy tourists. I've travelled to countries in Europe where, when you're leaving the country—Ireland comes to mind—if you keep your receipts, you'll be given a complete refund of your value added tax. There I believe it's 25%, and when you go out of the country, having spent \$100 or \$1,000, whatever it is, that's a nice chunk of change to have in your pocket. At least it will pay your cab fare from Pearson to downtown Toronto, I suppose. But it does say a lot about how we treat our tourists, and I would hope the government would recognize that.

Finally, I am very concerned about the process for selection of the ultimate operator. I would think, if I were a member of the Legislative Assembly of Ontario, I would be concerned about that as well. There is

virtually no opportunity for the Legislature to influence that choice. There is no opportunity whatsoever. This will be a done deal when you find out about it. There's no opportunity for local input. The call for proposals sets Windsor's objectives out very clearly, but there's no opportunity, in my view, for meaningful local input. I don't mean municipal council input; I mean local input into the selection process.

You will be selecting somebody to operate a facility that will cost anywhere from \$300 million to \$500 million in our downtown. It will be a very prominent facility, not only in terms of our city, but in terms of this province. The Legislature has no meaningful way in which it can influence the selection of the operator.

I would hope that this committee will make recommendations to the government that will allow for more meaningful input, not only on the part of the local host municipality, but also on the part of the Legislative Assembly.

In conclusion, then, I'd like to say that we as a community and I believe I speak for a large number of people in this community, support the initiatives. There are problems. The mayor has enunciated them—the policing question, the revenue-sharing question—and we hope this committee and the government members and opposition members will address themselves to help our community as we strive to create employment and lessen our dependence on the automotive industry.

This really is a local idea that caught the attention of the province and can really work for this community. Our hope is that a lot of the hyperbole that we've heard about the comparisons with Atlantic City and how the sky is falling will be put into context and that we can recognize this is something this community, through all of its elected officials and its major interest groups—labour, management—has endorsed and is prepared to face the challenge on. We're up to it, we hope the Legislature is and we hope the government is.

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**The Chair:** Thank you, Mr Duncan. We have just slightly less than five minutes per caucus.

**Mr McClelland:** At the outset, Dwight, it's good to see you again. I have a request on behalf of my colleague Mr Callahan. We had some reference to reports earlier with respect to the shrinkage of, if you will, the draw to the roving casinos. Through the office of city council, or your office, if that could be made available, we'd appreciate that report that was sent to the city. Specifically, on behalf of my colleague Mr Callahan, I make that request.

You brought up a point that I wanted to pursue, and I think you did it more than adequately. I asked the minister a question at the opening of these hearings, if she was aware of any jurisdiction in the United States where casinos are in operation where there was not a

provision for direct financial compensation for the costs associated to the city. I did not receive a response to that. I do know that you and others have indicated that this community has done extensive and exhaustive research.

Are you, sir, aware of any jurisdiction anywhere in North America that operates gaming where the city does not get a direct benefit, whether it be in the form of a licensing fee or a percentage of gross or a combination thereof, that ensures that the city's needs to deal with the very real problems that you acknowledge are adequately financed?

**Mr Duncan:** It's quite the opposite. My understanding is that virtually every other casino initiative, and they're springing up all over the place, virtually every other example shows that there's direct municipal or local benefit from the proceeds of gambling. The studies that I have seen indicate that, interestingly enough, the big winner from a financial perspective in all this will be the federal government. I can't give you all the reasons why, but the numbers I've seen, and I'm rounding now, are roughly \$190 million on an annualized basis to the federal government, \$140 million to the provincial government and roughly \$14 million to the city of Windsor.

The other avenue that the province has given us the opportunity to realize some potential profit is in the question of the lease of the permanent site and how that's either sold or leased to the operator. In my view, it's very nebulous at best, and the ultimate purchase price of the property will influence the actual rate of return that we experience as a community.

My understanding, to answer your question specifically, is that there is in fact no other jurisdiction where the direct municipal recognition is present.

**Mr McClelland:** Just for the record again, the mayor did not have an opportunity, because of the time constraints, to get into the resolution of October 1992 that was unanimously endorsed by your council. I wonder if you might expand briefly on point C of that resolution and the importance of point C to the resolution, that being specifically referenced to direct financial compensation to the city.

**Mr Duncan:** I guess the only way I can address it is that, like I said earlier—I personally feel like a parent who's given a baby up for adoption. We conceived of this idea, we supported it, we had some problems in its initial conception and frankly we've welcomed the input of the senior provincial officials who have done extensive research, but we certainly envision very direct monetary and financial benefit to the city of Windsor.

The job creation and the property tax benefit are important, and we acknowledge that. Our hope would be that the Legislature recognize that the argument with respect to treating any cutoff at the top has been a form

of taxation being conceded to one municipality and not the other is really a canard, and that there are probably a lot of creative ways to more directly compensate Windsor. We acknowledge that there will be problems. It's problematic, obviously, and we can manage those problems, but in our view the split between the federal, provincial and municipal levels is out of whack. That's the best way I can answer your question.

**The Chair:** Mr Carr or Mr Eves?

**Mr Eves:** Sorry I missed the very first part of your presentation. As I walked in, I noted that you alluded to—at least I thought you had said that some opposition members had indicated that the city was against the casino. I don't know of a single opposition member who has ever said such a thing.

**Mr Duncan:** I think what the opposition—I've watched question periods quite carefully and followed this. It's been alluded to—I didn't say that members said; I said members have indicated their strong opposition within the city to the initiative, and there is opposition within the city. But the point I tried to make, and you did miss that early on was that in 1988 we set upon an economic strategic plan. There were seven strategies that came out of that plan. One of them was the development of a tourism infrastructure. Frankly, at that point in time I don't think anybody contemplated a casino, but it is a form of tourism infrastructure.

I think the point we're trying to make is that the municipal council acted, in my view, diligently and properly in endorsing this concept and reflected the views of this community, as did our local labour council, our local chamber of commerce. There were members of all three political parties who made representations to the government on the casino initiative initially in 1992. I hope the characterization that somehow any of us views this as a panacea to all of our economic problems or that we think this is going to be like manna from heaven, I hope that characterization can be dispelled.

I think what motivated our local council, our local labour council, our local chamber of commerce and virtually every other major group in the city was our belief that this will be one component of a number of components that will help to foster economic growth and development and ultimately jobs in this community, recognizing that there are problems with it.

We think things out; we think them out very carefully. We've learned a lot in this process, with the help of your officials. The casino project team has provided invaluable assistance and guidance, and we would hope that the issues are brought into clear focus, that they're very specific related to this bill and related to the process.

**Mr Eves:** Exactly, and nobody's said otherwise.

**Mr Duncan:** I guess that's a matter of interpretation.



**Mr Eves:** I would like to deal with some of those concerns. I think it's my duty as a legislator, not only for the community of Windsor but for the entire province of Ontario, to make sure that Bill 8, which is not only going to apply to the city of Windsor but could apply to any one of the 872 municipalities in the province of Ontario—

**Mr Duncan:** I hope we do away with the canards and the hyperbole about Atlantic City and things like that. We looked at that very carefully and we're quite—

**Mr Eves:** Can I finish my question?

**Mr Duncan:** —prepared to say that this city recognizes the problems and then we're prepared to deal with them.

**Mr Eves:** I would like to talk about some of the very concerns that you have raised. The concern about the input that the Legislature or the local people, for example, are going to have in the ultimate selection process—some of us on this committee, in a steering committee meeting, suggested to the ministry that we could hear from the nine proponents in an in camera session.

The answer we got back from the government was that no, that will not be permitted even if it's in camera, which there's plenty of precedent for in the Legislature of Ontario in other committees. As a matter of fact, our request for proposals specifically prohibits any of the nine proponents who submitted proposals from talking about or divulging any of the specifics. How can we as legislators and how can you as local municipal representatives have any intelligent input into who the successful proponent will be when you're prohibited up front from even discussing it? That's my question.

**Mr Duncan:** We've said that. That's why we're here. I regret the fact that there is no opportunity either for local input or for input from the Legislature into the selection process, be it in camera or public. Frankly, I tried to logically decide why they would come up with that process and I can't for the life of me understand why. Normally, when you deal with items that are outside of the public domain, you're dealing with legal or contractual matters.

I suppose you could make an argument along the negotiations phase, because this is largely a subjective process. But I think what distinguishes the approach we've taken is that we have been very clear. Our objectives are reflected, as I'm sure you're aware, in the call for proposals.

1330

Ultimately, my hope would be that the government will concede the opportunity certainly for the Legislature, or this committee in camera otherwise, to have some input into that. I would have hoped that we would have some input into the final selection as a municipality, or at least local input, but I don't believe and I'm

not satisfied that there's been enough or adequate representation.

Again, as I say, this process, if you look at the documents very carefully, at the end of the day is going to be very subjective and there are going to be a lot of judgement calls made. There's no opportunity for local judgement. We've got one person appointed to an advisory group. I have attempted over the last few weeks to get more clarification with respect to the absolute defined role of that advisory group, but it's really very nebulous. My hope would be that the arguments and the Legislature will focus on those kinds of issues and not strictly on the issue of yes or no to casinos.

**Mr Lessard:** Thank you, Mr Duncan. I agree with many of the submissions you've made. I guess that's not all that unusual, considering that we both represent, as elected officials, the interests of the people here in the city of Windsor. Sometimes we might disagree philosophically, I guess, but as you've indicated, for the people in the city of Windsor it is a non-partisan issue.

I'm glad that Mr Eves mentioned the part about the selection process, because that was one of the things I'm not clear that I agree with you completely on, because it's been set up for, I would think, some valid reasons that the selection process be free of political interference. I think there's some merit to that argument as well. However, I think it is something where we could try and see whether there's some room for further input from the city of Windsor, possibly not from elected officials, but at least some input from the city's perspective in that selection process. That's something that maybe we could take up when we have an opportunity to speak with the minister again.

I share with you as well your concern about not having the Ministry of Labour jobs eventually come here to the city of Windsor, but I point out that in Bill 8 the Ontario Casino Corp will be established and a Gaming Control Commission will be established as well. I've been lobbying with the minister to consider Windsor as a location for the offices for those groups as well. I hope you will join me in those efforts.

**Mr Duncan:** You're aware, no doubt, that the city has asked the government for that officially. I'm quite confident that the government will respond in the affirmative to that. I know that your efforts will bear fruit.

**The Chair:** Thank you, Mr Duncan. Regretfully, our time has expired. I appreciate your presenting before the committee.

**Mr Duncan:** Thank you. Have a nice stay in our city.

**The Chair:** Our next presenter is Jane Schultz, if she would please come forward. It doesn't appear that we have Jane Schultz present.

**Mr Gordon Mills (Durham East):** So we'll go on to the next one?

**The Chair:** Well, we're going to wait just a couple of minutes and then, if not, we'll proceed to—is Pamela Pons here?

**Interjection:** No.

**The Chair:** She's not here either.

**Interjection:** She was here this morning but—

**Mr Mills:** I suggest we go on to someone else, Mr Chair, whoever it is.

**The Chair:** We will go on, Gord. Is Mr William McIntosh here? The committee's going to recess until we have someone able to come before the committee. We're just going to take a recess, just very temporary.

*The committee recessed from 1336 to 1345.*

#### UNEMPLOYED HELP CENTRE

**The Chair:** Failing the appearance of one of our presenters, I am very pleased, Pamela Pons, that you're able to start at this time, 15 minutes early. Pamela Pons, the director of the Unemployed Help Centre in Windsor, welcome to the committee. You have 30 minutes for your presentation. You may use all of that or a part thereof and leave some time for questions. Please proceed.

**Ms Pamela Pons:** We would like to thank the members of this committee in coming to Windsor and in hearing the response from this community.

One of the interests of the Unemployed Help Centre is for a quick response to the needs of this community in terms of our tremendous unemployment problem. The Unemployed Help Centre was established in 1977 by the Windsor and District Labour Council's community and social services committee. We obviously have a keen desire for diversification to come to this community and we see the casino as one of the responses to that effort. We clearly support this in terms of its job creation and the rebirth in the downtown business sector.

In our community we have bandied about the rates of unemployment, those that are officially produced by Statistics Canada and those where we see it, as the agency that's most importantly dealing with unemployed workers, as Statscan is one of those areas that consistently underestimates the rate of unemployment—

**Mr Callahan:** Is that just recently or is that—

**Ms Pons:** Since 1980, when they first funded us to take a look at where the problems lay in the statistics. The rate of unemployment in our community, in Windsor and Essex county, truly lies more accurately in the 20% range. Obviously with this crisis, and it has been an ongoing crisis in our community, we look to the casino as one of the answers to our problems.

We understand that there have been some difficulties in the concept of the casino and in terms of the regula-

tions and the legislation that is put forward. We urge this committee to bring a strong message back to the government that we do not want to continue to create barriers for unemployed workers and that we prefer to see the interim casino off the ground in as quick and as short a time as possible. Our needs for unemployed workers are today. They will still be there in six months, but we need to start reducing the rate of unemployment in this community now.

We recognize the minister's effort to look at the impact this casino may have on non-profit organizations and we understand that you will be quickly bringing this to cabinet. We urge your support in this committee to be drawing not just attention to a situation of perhaps dealing with a gambling addiction. While we suggest that there are far more pros to a casino, we are realistic. We know that there will be some downsides and we request that the government recognize those downsides. Many non-profit organizations will have some negative impact on their present budget allocations in terms of servicing the workers and those people who may be adversely affected by the casino.

We are recommending and suggest that you support the concept that the city of Windsor has laid out in terms of its request for a licensing fee. Should the city be granted this, we have the support of the mayor in that part of those licensing funds would be directed to non-profit organizations that will have to deal with some of the adverse effects. We strongly support his recommendation and that of city council and would hope that this would be dealt with in the minister's submission to cabinet.

We would also like to draw attention to the diverse opinions on the security of the casino and the request for the number of police officers. We have two different theories, one in the report that says we need 12 additional police officers, and we have the chief of police, Jim Adkin, requesting 30. We suggest that none of these figures are put into concrete and that we clearly look at the interim casino as a guideline towards the number of police officers that are necessary. We will not be devastated by crime in this community, nor the infiltration of organized crime. We will of course have some downside to this, and we're asking that this committee bring forward that we have some leverage in terms of the policings that are available to the city of Windsor's police department.

We would like to see this project go ahead as quickly as possible. We understand that there is some debate in terms of legislation and regulations. However, one of the responsibilities of this government is also to be responsible for its unemployed workers, and in response to those unemployed workers we need to proceed with that casino now and the interim must be up and running as quickly as possible.

We need to alleviate the human suffering that is



caused from unemployment and the lack of jobs. Our community over the last five years has suffered greatly as a result of plant closures. They are not indefinite layoffs, as we experienced in the early 1980s. Those plants are shut with no hope of opening back up. We need to diversify. This casino has been a godsend to many unemployed workers who over a year ago pinned their hopes on and looked at the golden ring as an object to having a job within the casino or those industries that may be close to the casino process. We ask that you put them as your priority and that we start this casino immediately.

I'd like to thank this committee for its interest in our community. We feel that Windsor can play an integral part in leading the way for this province in the aspects of casinos. We feel that there will be a lot to be learned from the Windsor experience. We have wonderful community support to date and I would suggest that would be continued throughout the process. We ask that our interim be used as the guidelines for future planning for casinos, but we cannot rely on studies alone. Our experience will lead the way in future casinos. We ask that you clearly send a message back to the provincial government and to the minister responsible so that we may get re-employment under way in this community, and we thank you for attending in Windsor today.

**The Chair:** Thank you very much, Ms Pons. We have about eight minutes per caucus and we're going to start with the government caucus.

**Mr Martin:** I'd like to say thanks as well and let you know how much we appreciate you coming and sharing with us how important this initiative will be to the people you obviously serve.

I was wondering if you might perhaps be a little bit more specific in the numbers of people who come to your door and who at this point in time you aren't able to direct to gainful employment and what kind of skills they might have at this point in time that would be advantageous to them in gaining employment in the casino business or, as you've said, the attendant spinoff opportunity that will be there.

I also noticed this morning, as maybe some of the other members did, that there were some sheets on some tables out there that spoke of some training opportunities that are now being made available in the city for people who may not have the particular skills that will be required but who would like to gain them to prepare themselves for this job. Maybe you might share with us as well perhaps some of your involvement in developing some of those training opportunities, if you've had any, and perhaps describe to us a little bit about that and how that is happening in the community. Are any of your people actually signing up for those courses and participating in some of those training venues?

**Ms Pons:** We calculate that for our client service intake for 1993 we will have assisted some 15,000

workers in trying to accommodate the need for training, the need for literacy and upgrading and the need to get back into employment opportunities. We have been involved with St Clair College as one of the training vehicles for potential directly related casino employment opportunities.

We were also fortunate enough in 1993 to be granted special funding under Jobs Ontario Training for the community economic development sector. We have been in operation and have gone through our second intake in this particular program. We have two classes that are scheduled to intake 12 individuals at each and every intake process.

The concept of this program is to aid those people who are interested in either developing self-employment or developing small businesses where they may have the potential to hire other unemployed workers.

The program has been to date far more successful than we anticipated in our first initial presentation to the provincial government. We have in some few short months aided people in our community in establishing 15 businesses, some of which have already hired other unemployed workers.

So in terms of the casino, it's clearly important that these businesses see that the interim gets up and running and we continue to foster the development of small business enterprises that can take high advantage of the casino and the diversification of industries surrounding it. There are a number in the service sector, a number in the restaurant business and in other service agencies.

We suggest that the quicker this casino is up and running, the more we can develop the offshoots to the casino and clearly increase more employment opportunities as a result of the casino. So it's quite important to us and to the growth of the program.

**Mr Martin:** There's been some suggestion that this initiative is a tax on the poor, and I've had, myself, a lot of contact with the unemployed in the community that I come from, Sault Ste Marie. I'm sure, your experience—unemployed people are poor people if they're unemployed long enough, normally, and there's a question of the morality of this whole exercise. Certainly we as a government, an NDP government, have been criticized fairly broadly by some folks who have some real difficulty understanding how we could support or bring forward this kind of initiative. I'm going to ask you to maybe share with us perhaps some of your thought processes, but as a person who worked with the poor, certainly I struggled with this issue trying to come to a position that I could support and have. That's why I'm here today and supporting my government in this.

The question of the morality of setting up an opportunity for people to gamble versus the morality of sitting back and not doing it and realizing that you're

probably denying some people an opportunity to be gainfully employed by doing that—for me, it certainly weighs more heavily in favour of going ahead and providing this opportunity and doing whatever we can to minimize the social costs that probably will come with it. Do you have any thoughts on that, coming from the unemployment help centre?

**Ms Pons:** For those who may suggest that it is immoral to dangle a carrot in front of a community that's been devastated by unemployment, I would suggest to them that it is much more immoral to deny people access to employment. The casino will bring to this community thousands of jobs. Is it our responsibility as a provincial government, as a municipal government and as a non-profit sector? Our responsibility is to create employment opportunities. From that we will eliminate the number of people who are working-poor or who are strictly poor because they are unemployed. The responsibility is to create employment.

**The Chair:** Thank you very much. Mr Callahan.

**Mr Callahan:** I note in the report by Coopers and Lybrand that they talk about workers' compensation and employment assistance programs. I presume that you do the same thing as the good people in my community do; they help us out with Workers' Compensation Board hearings and so on. Do you do that?

**Ms Pons:** Our help centre in Windsor does not deal with Workers' Compensation.

**Mr Callahan:** It does not? Okay.

**Ms Pons:** All other areas, we do.

**Mr Callahan:** Because there is a concern, and this is one other area which you've not impressed on the government of the day to look at, which is the question of the increased Workers' Compensation cases that will ensue according to Coopers and Lybrand. At page 69, they say:

"From the employers' perspective, one possible impact of pathological gambling is injury associated with impaired judgement and poor concentration. Another impact may be on employee assistance programs. Training for staff of these programs is suggested."

So you might want to consider that as an additional item. Also at Coopers and Lybrand under page 69, it says:

"Domestic and child abuse hotlines and shelters will likely benefit from information and training about the relationship between gambling problems and domestic abuse."

They're forecasting that at least among pathological gamblers there will be an increase in abuse such as we have seen through the frustration of being unemployed as well. That has created a significant impact on the services provided. That's just a suggestion that, if you do any further lobbying of the government, you might want to include.

The other one is that you talk about these jobs created by the casinos, and you will probably be able to tell from what I'm about to say that I enjoy the turn of a card here and there. At one time, being down in a casino in Reno, I think it was, we inquired of the blackjack dealers how much they were paid. They got \$3 an hour and they were to a large extent to rely upon the tips they made.

1400

We've heard also from the parliamentary assistant—I think you said it; I wouldn't want to misquote you—that there would probably be union activity and that this casino would become unionized. Do you have any information you can share with us on that in terms of whether you see that as the type of jobs you're looking for? Obviously you're not looking for jobs at \$3 an hour, I wouldn't think. In fact, I think they'd have difficulty, with the minimum wage being about \$6, but who knows? But do you envisage that, that this will be a unionized operation at some point?

**Ms Pons:** I would certainly hope that through the unions' efforts, that would be the case, and that the individuals working for the casino would be paid a reasonable standard of living. I think that if they do that in Nevada, that makes all the more difference between Canada and the United States. We do not do as the Americans do; we do what is right for Canadians and, in this case, what is right for Ontarians. We would not support continued employment at the expense of the working poor, so for them to be paid something less than minimum wage and to continue to rely on the tip system, as unfortunately many waitresses and—

**Mr Callahan:** That's right. I was just going to raise that. We do have that existing in Ontario already, where particularly young people are required to perform services and they may be paid a very minimal amount and they're expected to make the balance up out of tips. That's a concern I have in terms of these jobs that we're talking about, particularly from your perspective of the unemployed.

I guess what I want to do is now turn to the parliamentary assistant, because I've looked through the proposal. Although I've seen employment equity in here, I've not seen anything in terms of the people who are making proposals to the government for the casino in any way, shape or form being made aware of the fact that the wages would be those that might be generated through a collective agreement in a unionized shop. Is there anything in here you could maybe point to for me that would demonstrate that the people who are bidding on this thing understand that? Because if we are getting bidders from milieus like Reno and places like that, they're obviously anticipating that it's going to be you get a minimum amount and you collect the rest of it from the tips that you get from the lucky or unlucky blackjack players or whatever. Can you help me with



that? If not, can you perhaps undertake to get that information to help us so that we can provide it to this young lady here as well?

I guess that's politically incorrect. I shouldn't call you a young lady; I should call you a person.

**Mr Duignan:** Mr Callahan, first of all, you are correct. I think that was the minister's code.

**Mr Callahan:** All right, that's fine.

**Mr Duignan:** I don't mind being associated with it; it's a good code. However, I will undertake to get that information.

**Mr Callahan:** All right, and maybe you can provide it to these people, because I think it's of some significant importance to you, dealing with people who are unemployed, to ensure that before the spike is driven into the ground and the deal is sealed, these jobs that are going to be created for the people you're servicing—a very real need and you have my complete sympathy; I see it in my own community—are going to be jobs that will take them out of the poverty level and perhaps even induce them to get a job as opposed to remaining on welfare, which has always been the tragedy, because the money you can get from that is better than the money you can get from some of these so-called jobs.

**Ms Pons:** I would clearly not support that unemployed workers are happy to sit back on welfare. They are not.

**Mr Callahan:** I'm sure they're not happy—

**Ms Pons:** As I understood your comment, it was that—

**Mr Callahan:** —but some of them, when they have a choice, and this has been a problem of the welfare system in the past, have decided, "Why should I go to work and have the government claw back that additional amount?" These have been problems with the way we've set up these programs, and instead of helping people, we've been in some respects—all governments, not just the present government.

**Ms Pons:** But statistically there are only 3% of the population that receives social services who are in abuse of the system. We concentrate far too greatly on 3% than on the efforts to get 97% of them back into the workforce and on the training that will put them into remunerative positions.

**Mr Callahan:** Well, you're probably better on that than I am, but I want the government to provide you with that information because I think it's very important in terms of what you can anticipate.

**Mr Duignan:** However, Mr Callahan, the proposal does ask for the proponent to describe its policy in relation to staff relation policies. Page 20, request for proposals: number 11.

**Mr Callahan:** "Describe the proponent's staff

relations policies." Well, I don't think, with all due respect, that talks about money.

**Mr Duignan:** I would suspect the proponents are well aware—

**Mr Carr:** Page 19, number 3.

**Mr Callahan:** My colleague is at page 19, number 3. The final part is "total estimated salaries and benefits," so it will be interesting to see, if they give you that figure—that's what they're betting on, and they might very well be very surprised if it's not specifically spelled out that these people will have the right that every Ontario citizen has to unionize. That concerns me.

**Mr Duignan:** Certainly under Bill 40, the people working in the casino complex have a right to organize and bargain with the proponent in relation to a collective agreement.

**Mr Carr:** If I could help a little bit with that, I think when we asked the ministry staff, they believed the average salary is going to be \$25,000 to \$30,000. I think it was the deputy minister who answered that question for me. Is that your understanding, or do you know what the rate of pay would be? Would that sound reasonable, \$25,000 to \$30,000 for the employees?

**Ms Pons:** I'm sorry. Number of employees or annual salary?

**Mr Carr:** No, annual salary. The average—

**Mr Callahan:** Mr Carr, you're not being heard.

**Mr Carr:** Oh, okay. I was wondering why you were looking at me, staring at me blankly. That happens quite a bit. I thought I was in the House again making a speech.

**Mr Callahan:** We want them to be able to read those words back to you some day as we do to them, you see.

**Mr Carr:** When we were speaking with the deputy, she said the average salary would be—her understanding was it would be \$25,000 to \$30,000. Do you have a figure? Do you think that would be realistic, or do you have any idea?

**Ms Pons:** We've certainly heard those figures being bandied about. I would clearly support a position of where they would be making \$30,000 and over.

**Mr Carr:** Some people have come in and talked about the unemployment rate and then the real unemployment rate here in Windsor. What's your best guess with a casino? You've heard some of the numbers that have been bandied about. How much of a reduction in percentage terms do you think we'll see in the unemployment rate here in Windsor when the casino comes in?

**Ms Pons:** I think at that point, Gary, I would need a crystal ball. We certainly never expected this community to suffer the number of plant closures and the high numbers within those industries, so how far we

would decrease the rate of unemployment would also be based on the hope that not a single other small business, larger corporation or plant would shut down at the same time. But I would suggest that with the numbers of employees that we would have in the casino, it could certainly continue to support those industries that we do have here, or the services that we do have. So while at the same time it may create unto itself employment, it may also save employment in other areas that currently exist or for those that may be considering a closure or downsizing. Hence our request for the expediency in terms of establishing the interim casino so that we can at least put a Band-Aid on what's happening to this community at this point and start to recover.

**Mr Carr:** I guess we could work it back because you may know the actual numbers of unemployed. I was thinking percentage, but do you know, in a city of 200,000, what are the actual numbers? The percentage we could probably figure out, but do you know the actual number of unemployed?

**Ms Pons:** Actually, the way in which they're calculated out, Gary, is that we are taking into consideration the economic region which goes beyond Windsor itself.

**Mr Carr:** Yes. Like in Halton, you can't pick out Oakville—the same as my region. You also know that the figures that they've talked about are 2,500 directly in the casino and then 8,000 spinoff jobs, and the government thinks they're realistic. What's your best guess as somebody who deals with it? Do you think that amount of jobs can be created in terms of all the spinoff jobs? Because 8,000 is the number we're hearing.

1410

**Ms Pons:** Our anticipation is that those numbers may be on the low side and, once we have our permanent facility, we may be quite readily able to increase those numbers, not just straight in the casino itself, but within those industries that may be attached to its servicing that casino or for the tourists who are coming as a result to that and maintaining our current employment levels. So if our people are back to work, they continue to buy the cars we build.

**Mr Carr:** And, hopefully, we'll build more cars and export them to the US, which we're doing. Fortunately, too, it will help them sell even more than we have people in the country.

I wanted to follow up on what Tony asked regarding the training, because one of the problems we've got, even with the high unemployment rate, is there are some jobs out there and government at all levels have had trouble matching up skills with the jobs that are available.

We now have a little bit of lead time. Notwithstanding the fact that you're saying, "Hurry up with the casino," we have a little bit of lead time. Is there

anything we can be doing in terms of training, working with the people who are doing the proposals so we don't have a lag time afterwards in training people so that when the casino does open—because I think it is going to open—we can have some people who are working and training? I know there's been some mention of the college and their input. Maybe you could just fill the committee in on what's being done. Are they specifically coming to you to get some of the people who have been unemployed the longest? How do you see it working in terms of who will get the jobs here in Windsor?

**Ms Pons:** We have had a very good partnership with St Clair College in terms of referrals to the organization for training and in terms of them referring back to us looking for trainees or in the process to get individuals into training programs. I would suggest that this kind of spirit of cooperation will certainly increase with the upcoming casino.

The casino industry is not the answer to the problems of all unemployed workers. For some, a casino may be—those that would be leaving—perhaps a position of lesser paying and going into the casino, and then we can backfill more of the unskilled jobs, that we continue to move people up through the process.

For others, we have a high degree of skilled labourers in this community that, (1), could go into administration or other aspects of the casino and, (2), that we still have viable training vehicles. I would suggest we need clearer direction in terms of the skill qualification for those who would be directly involved in some of the areas such as the blackjack, the roulette and the baccarat.

Those funds need to be allocated to the college, so we can ensure that we have quality training in a community-supported organization.

**Mr Carr:** How many requests—now that the casino is coming in and I was thinking in terms of people with the direct jobs, the 2,500 in the casino. Are you having people that you're dealing with every day saying, "Now, what can I do to get those jobs?" Have you formed any type of list, numbers of people who come in? Because I would imagine a lot of them are saying, "What can I do to try and get first in the line?" Has there been any type of lists for interviews and so on accumulating and what are the people saying to you? Are they coming in and saying, "How will I get some of the jobs in the casino?"

**Ms Pons:** Clearly, we have thousands who want to know how they get into the casino and I think that's no different than what we recently experienced when Chrysler did some hiring. There were thousands of workers lined up for 48 hours trying to get an application to get into the corporation. I think that says a lot about how long and how hard this community has suffered with unemployment and the fact that it is not a short-term rate of unemployment, it's a structural



unemployment and that we need resolves.

We are not going to be opening up more factories in this community. We are not going to be continuing the increase to the auto industry. This clearly is a solution for some of our unemployment problems. It is not the answer to everyone, just as Chrysler, Ford and GM are not the answer to everyone, but we support the process and we would like to see it get under way quicker—sooner rather than later—so that we are addressing the human cost factor to unemployment.

**Mr Carr:** Thank you very much. Good luck.

**The Chair:** Thank you very much. Our time has expired. I want to thank you, Ms Pons, for a very informative 30 minutes.

**Ms Pons:** Thank you.

WINDSOR CONSTRUCTION ASSOCIATION  
HEAVY CONSTRUCTION ASSOCIATION  
OF WINDSOR

**The Chair:** Our next presenters are the Windsor Construction Association and Heavy Construction Association of Windsor. Would William McIntosh and Joe Lepera please come forward. It says William McIntosh is the executive director and Joe Lepera—I hope I pronounce that properly—is the president. Welcome to the committee. You have 30 minutes for your presentation and please proceed.

**Mr William McIntosh:** As representatives of the Windsor Construction Association and the Heavy Construction Association of Windsor, which associations have a total membership of 325 companies consisting of contractors and suppliers, we appear before you today to fully endorse the provincial government's proposal to build and operate a casino in the city of Windsor.

Our industry not only supports the proposal; we also appreciate the bidding opportunities it will bring to our members when it comes to the building of the casino, the hotel and also the numerous renovations and additions that will be required by the general business community.

The main reason for our endorsement is because of the benefits the casino will bring to our city. We are told it will bring 2,500 direct jobs in the casino, 6,500 indirect jobs providing goods and services to the casino and its patrons, property and business taxes to the city of Windsor, infusion of millions of dollars from increased tourism and, finally, the revitalization of our downtown business district.

We would also note the jobs and revenue that will be created by the building of the downtown marina which will serve transient boaters who wish to visit the casino.

It's a well-known fact to anyone who visits Las Vegas that an average of \$200 is left in that city by every tourist.

**Mr Callahan:** Those people are winners.

**Mr McIntosh:** Our experts tell us that our casino will draw approximately 12,000 visitors per day, or 4,380,000 per year. When you consider everyone must eat and ladies love to shop, we believe it is not unrealistic to estimate that if the average left in Windsor by each visitor was only \$50, it would mean an infusion of over \$290 million worth of business would come into our city. This would not include gambling.

We must consider what this will do towards the revitalization of our central business area. Surely there can be no doubt that our core area is in need of an attraction. We believe the casino will not only serve that need but will, as time passes, help it to grow far beyond the area we now consider downtown.

Some people will say that the many advantages that will be derived from the casino will be offset by disadvantages; one being increased crime, among others. We cannot agree with that scenario. We believe Windsor has one of the finest police forces in Ontario and we believe that with the cooperation of the provincial police, and given the required extra manpower to be proactive instead of reactive, any increase in crime will be kept to a minimum.

We could fill many pages with reasons why a casino situated in Windsor can bring many benefits to the city, but we are positive, by the time these hearings are over, you will have heard them all many times over. However, suffice it to say that we, as a construction industry, are prepared to put a shovel in the ground tomorrow and get this project under way.

We thank you for the opportunity of being allowed to make our presentation to you today and trust that our government will cautiously proceed as quickly as is possible to build the permanent casino. Thank you.

**The Chair:** Thank you, Mr McIntosh. We have a little more than eight minutes per caucus for questions. We'll start with Mr Callahan.

**Mr Callahan:** You addressed the question of increased crime. I think this has been one of my major concerns as I come here to Windsor. It's rather delightful to be able to walk out of here at 10 o'clock at night and go to Ouellette Avenue and walk up the street and see young people who can—

**Mr Duignan:** He's looking for an offer.

**Mr Callahan:** Oh, that's not nice. But young people who can be out on the street on a summer night with impunity, with no danger of what might happen in some big cities in the US. It's particularly significant when you live across the river—I hope there's nobody here from Detroit—from a city that purportedly, at least, in its inner core is devastated by crime and violence.

I want to ask you a question about the age of people being allowed to gamble in this casino. We have heard evidence from the police chief that he would prefer to have it at 21. He's expressed—I think it was him or

perhaps one of the other proponents expressed—the problem, because of the drinking age here being lower than it is in Detroit, you have the problems of young people coming across over here to drink and perhaps causing difficulties for the police. They've been able to deal with that, I gather, successfully, because Windsor is still a very excellent place, as I've indicated, being out on Ouellette Avenue.

1420

What would your association's feelings be in terms of what age you think the government should require a person to be before he or she can gamble?

Before you answer, for your benefit and also that of the government, I remember when the drinking age was changed from 21 to 18. It lasted for a very brief period of time and then it was jacked up to 19, because many of us felt that young people who look older than they are could slip into a bar and we found that 16-year-olds were getting hammered during the lunch hour from the local high schools.

Recognizing those factors, that it's more difficult to ascertain an 18-year-old from a 16-year-old—although we're supposed to have in place and I don't doubt that there will be an effort to do that, an attempt to identify these people and keep them out of the casino—what would be your position? Would you prefer the 21 or the 19?

**Mr McIntosh:** Quite frankly, I feel the association would back the chief and say the minimum age should be 21.

**Mr Callahan:** Okay. We've been told there are some difficulties in that and, with all due respect to my good friend the parliamentary assistant, I've challenged that. I'm really waiting with bated breath for this confirmation in writing of the verbal response from somebody in the Attorney General's department. It must be an articling student. I can't believe they'd give that type of a view, but I appreciate your comments on that. I'm going to do a little survey of this because I think that's a very important aspect of it.

The other side of the coin is the question of the number of police available. There were reports saying 12. One of the reports says 12 additional police officers, which again boggles the mind, particularly in view of the number of people who are coming over, unless they're going to be locked inside buses and led into the casino and then taken back out and put in the bus. There was a statement by the minister—and of course we're all honourable members—that the policing needs of the community would be met in terms of financing. Would you feel more comfortable if the legislation—not regulation but the legislation—itsself specifically spelled that commitment out?

**Mr McIntosh:** I guess it would maybe make the chief of police a bit better if he had it spelled out in the

legislation. But we feel that there is no one more qualified than Chief Adkin to determine what he feels is required to properly police the city after the casino—

**Mr Callahan:** So the government, if it was wise, would listen to the chief of police as being the best source of information in terms of how he could ensure the maintaining of the degree of civility and safety that you have in this city?

**Mr McIntosh:** Yes.

**Mr Callahan:** All right. He's also indicated to us—and it's a matter that we've raised and you've raised it sort of indirectly by saying you don't think it will increase organized crime. We've already heard the police chief here tell us that there have been instances through their intelligence of organized crime figures from some place meeting with local businessmen in scenarios that would lead one to believe something was amiss. I gather you accept the police chief's statements in that regard too.

**Mr McIntosh:** I think it shows the proficiency of his force, but you already know that.

**Mr Callahan:** Yes. And yet, that was something we have raised on numerous occasions—and again, as I say, so everybody knows where we're coming from, and I believe the third party's of the same bent—that our job is to see this pilot project has the best effects on Windsor and the least deleterious effects in the final analysis, and that's our concerns about why we're raising these issues.

Finally, I guess, in terms of the question of problem gamblers, I don't for one minute want to put a stereotype on your occupation, but when I was going to university I worked in the construction industry and quite a few of my colleagues whom I worked with liked to play various games of chance: the horses, cards and so on. I can recall that there were quite a few of them who actually would duck getting the call for the day to go out on the job so they could go to the track or play cards. I would hope that would be a concern, not just of your particular industry, but also of all industries.

Are you satisfied with the commitment by the government to deal with this very serious problem of compulsive gamblers, particularly recognizing that there is a bill before the Ontario legislative committee right now that, if it remains unamended, will tell you how much treatment you can get from a particular doctor? Would you want to see that specifically spelled out for the benefit of those people who might wind up as the flotsam and jetsam of our endeavours to try to solve an economic problem?

**Mr McIntosh:** Personally, as human beings, we all have many weaknesses: alcoholism, you name it. If we closed down every bar in Ontario, we wouldn't cut out alcoholism. They would find it somewhere. I don't think opening a casino is going to increase the numbers of



compulsive gamblers. People are going to go in there and make a mistake; they feel that if they spend their last \$100, they're going to win that \$1,000. But they'll learn, as everybody learns when you go gambling. I don't think the Windsor casino is going to create any more of these people than we have now, at racetracks and every other place.

**Mr Callahan:** I understand presently that the only facility available in Windsor to service the needs of people who are addicted to gambling is Gamblers Anonymous. In fact, as I recall—maybe it's changed, and if it has, I'm sure the parliamentary assistant will be quick to correct me—it seems to me that when this bill was originally introduced into the House, it was introduced against a background of a significant withdrawal of funds to groups such as Gamblers Anonymous that were set up to try to help people with this type of addiction.

**The Chair:** Your time has expired.

**Mr Callahan:** Has it? Okay.

**Mr Carr:** I appreciate your comments. I'm also very impressed with the high esteem which the community feels for the police chief. I think it's quite an honour to him, and also the community, that it seems to support him in his recommendations. He came before this committee and basically said he won't give his approval if he doesn't feel he and his police force can do a safe job. As you know, there's some debate over it. He said he won't give his blessing unless he can give his personal assurance that it will be safe. If he doesn't give his approval, because he doesn't get the numbers, would you like the casino to still proceed?

**Mr McIntosh:** I would hope that surely between the provincial government and the police force some arrangements could be made to meet the needs to properly police the city when the casino is here. If we had a massive fire in Windsor, although the fire department is on a budget, I don't think it's going to say, after it's put the fire out in the first two buildings: "Just leave the other three burn. We don't have the money."

**Mr Callahan:** They might if they're across the river.

**Mr McIntosh:** I doubt that.

**Mr Carr:** The problem, though, is that it's a policing numbers game. He doesn't have the numbers. So if the crime goes up, there isn't anything you can do short of deputizing Wayne and George. That's the issue, the number of people. Again, and I know it's sometimes a difficult question, I was very impressed with the chief as he came in. He was very blunt, very honest, which is difficult to do because he reports to a police service board that may want to have it, because of political influence, pushed through. They're appointed by politicians. I was very pleased that he gave us his personal assurance that he wouldn't give approval. You're right, you would think it would be simple to get the govern-

ments to agree to that, but it may not be. If we do come to that, and hopefully we don't, would you then say, if he doesn't give his approval, that we should not proceed?

**Mr McIntosh:** If we believe everything that's in the papers, the amount of money that the provincial government is going to make out of the casino, surely to God there's got to be enough money to properly police it. Because if they don't, they're going to have to pay to clean it up.

1430

**Mr Carr:** But the problem we've got—you heard the parliamentary assistant say there will be, and the minister said it—is that the person I trust is not the politicians, who are not going to be here during that period of time; I trust the professional, in this case the chief. I also trust him because I think he has gone out on a limb. Some other police chiefs would not have gone as far as he did. He was blunt and he was honest, and I think the people of this city should be very proud of that. Here's a man who potentially is going out on a limb for doing that. I won't push on that, other than I think the whole community needs to make that decision.

We may not get to that point if it comes down to it—it may be negotiated; maybe the province will give them the extra police—but I would say, even to the Windsor members, that if he does not give his approval, then I would not feel it would be safe and that any member of the legislature, on third reading, would have a difficult time voting for it.

I want to go on to another issue too which may be more to your background, because I know the whole issue of crime isn't your expertise. With the number of jobs that are going to be created in your industry, are there any guarantees that some of the jobs will come to you? What's your understanding, that when some of the different construction takes place it just won't be Ellis-Don and some of the big Toronto firms that get some of the contracts? Are there any guarantees? Are you looking for any?

**Mr McIntosh:** No, sir, there are no guarantees, and we as an association don't want guarantees. This is a democracy. You tender the job, and if the tendering is done fairly, wherever the cookie crumbles, that's the way it goes. We want to be able to bid in Toronto, Ottawa or anywhere else. Therefore, we must in turn allow these people to bid in our city. We know the labour force in this city will be used, regardless of who the contractors are. Therefore, that's one very large, important issue. But knowing the competitive nature of the contractors in Windsor, we won't maybe get them all, but I think we will get our share.

**Mr Carr:** Good luck to you.

**Mr Martin:** In front of this what I see as probably a fairly huge opportunity, with the building that will

happen, for your industry, are you working at all with or have had any discussion with the construction trades association around support for this initiative, the union group?

**Mr McIntosh:** We are in constant communication with the union regarding anything that is in the form of construction.

**Mr Martin:** And they're supporting this effort as well?

**Mr McIntosh:** Naturally, yes.

**Mr Martin:** I don't think you mention it here; I don't remember seeing it. What is the potential benefit to this community, just looking at the construction opportunities that will—

**Mr McIntosh:** Being conservative, I believe the construction industry will benefit by about half a billion dollars' worth of work throughout the whole process.

**Mr Martin:** I guess the next question I wanted to ask was probably the same one Mr Carr asked. What you said was that you didn't need any guarantees, that you could compete. Is there any concern about people coming in from across the river and taking some of that? Can you compete with them as well?

**Mr McIntosh:** I don't know if the word is "concern." I think you have to parallel it with the Quebec situation. Quebec can come into Ontario, but Ontario can't go into Quebec. We have Canadian contractors who perform work in Michigan. The ball game has to be equal. If they can compete here and comply with the necessary immigration laws and employment laws, it's fair game.

**Mr Martin:** Thank you. I appreciate that.

**The Acting Chair (Mr Gordon Mills):** Mr Lessard.

**Mr Duignan:** What about me?

**The Acting Chair:** You're sitting too close to me.

**Mr Duignan:** You raised the question of crime and the matter of policing in the city. It's worth repeating what the minister said in her opening statement here on Monday. She said basically that right now they have 10 new police officers who have been paid for by the casino project, and that is just the first step. She said, "We will pay for any more officers who are shown to be necessary." We are not going to take any shortcuts in relation to the casino project. If more police officers are shown to be necessary, then there will be more police officers.

Now, on the question of organized crime, our position has always been that organized crime does exist in Windsor. Our position is that we will have appropriate processes, regulations, investigators etc in place so that organized crime will not find or play a part in the casino project here in Windsor. Let me make that position extremely clear: This city will continue to be a safe place for the community to walk any of these

streets here at night. I just wanted to say that particular point again. As you know, the OPP are also very active in this area here and I'm sure that if the local police here see what they may perceive as an illegal activity, they will more than likely pass that information on to the casino team.

**Mr Lessard:** Thank you, Mr McIntosh. There was just one statement that you made that I thought might be subject to some correction and that was, "Everyone must eat and ladies love to shop." I know there are some men who to shop too. I hope there's an opportunity for men's shopping here to improve when the casino does arrive in the city of Windsor. I guess we just like to shop for different things; I like to shop for hardware and things like that.

I wonder if you could just give me some idea of what the members of your association have been through in the past few years, as far as what their employment opportunities have been is concerned. What's it been like?

**Mr McIntosh:** Prior to about a year ago, Windsor was one of the lower construction cities in the province. We didn't have a lot of work. I think I can safely say now that we are about the busiest city in Canada and looking forward to being that way for the next three or four years.

**Mr Lessard:** That's great; I do too. Thanks.

**The Acting Chair:** Thank you, gentlemen. It was very good of you to appear here and we thank you for that.

The next presenter is the warden of Essex county council, Mr Tom Bain. Is he present? He's not here yet. Is there an Alan Berger here? I know Fred Upshaw isn't, but is Gordon Fry here? Not seeing anybody, we stand adjourned for five minutes.

*The committee recessed from 1438 to 1442.*

#### ESSEX COUNTY COUNCIL

**The Chair:** We have Mr Tom Bain, warden of Essex County Council. Welcome to the committee. You have 30 minutes to make your presentation. You can use all of that for your presentation, or part thereof you can save for questions from committee members. Please proceed.

**Mr Tom Bain:** I probably won't take the full 15 minutes for my presentation. However, I feel a lot of what I have to say has some very important points, many of which you may have already heard from other delegations, but some of these points may be new in that they're representing the county and not necessarily the city of Windsor.

I might note before I start my presentation that as warden, I'm representing the county, but I have also, for better than 25 years, been a horseman, so I have an interest in that end. I'm a school teacher, but I've raced horses for about 25 years and also I guess I could be



classified a gambler. So I've really got myself tied into this and have been following along.

**Mr Carr:** If you're a politician, you're a gambler.

**Mr Bain:** The Essex county council has passed a motion wholeheartedly endorsing the city of Windsor receiving a casino. It is felt that a casino in the city of Windsor can be a tremendous shot in the arm to the local economy. The creation of jobs is probably the foremost and immediate area wherein we can actually visualize positive results. Our present economy could certainly use such a boost. Many county residents are presently unemployed and are either on UI or drawing direct welfare benefits. The introduction of a casino can help to take many of these people off public assistance and put them back to work. This would also help to rejuvenate their self-confidence in their ability to be a productive part of our society as opposed to continually drawing on it.

The creation of new jobs also helps ease the burden of those who are presently working and have to contribute more as unemployment figures continue to rise. The creation of these new jobs centred around the casino industry will create a greater purchasing power and thus more dollars changing hands among local businesses and merchants.

Members of my own family who have been previously employed for a number of years have suddenly found themselves laid off and forced to look for a new line of work. Such a task is certainly not easy in today's economy. The creation of jobs and new businesses is probably the biggest factor going for the development of the casino industry here in Windsor and Essex county.

Along with this point goes the fact that the casino industry will help to rejuvenate a once booming tourist industry. The city of Windsor and Essex county, through the tourist and convention bureau and other local business groups, spend large amounts of money each year attempting to attract American dollars into our country. However, our GST and PST tend to work against us, driving tourists away instead of encouraging them to spend their tourist dollars at home. The highly inflated rates of our travel and accommodations as compared to American costs also discourage travel in Ontario.

We need to begin to turn this around. The creation of a gambling casino in Windsor can do that. We have, across the river, a potentially untapped market. While on flights to either Las Vegas or Atlantic City, many Americans, upon realizing that I and my party were Canadians, have repeatedly asked, "When are you going to get your casino? These long flights are too exhausting."

We have at our fingertips a huge Michigan and Ohio market, to say the least. However, before they can spend their tourist dollars in Ontario, we need to get them

here. Once we have an American neighbour here on Canadian soil, we can then encourage them not only to gamble but to spend some of their leisure hours in our stores, in restaurants, viewing some of our beautiful sights and visiting some of our famous attractions.

Windsor and Essex county have a great deal to offer. Tourism pumps a great deal of money into our local economy. The spinoff effect from the casinos can help to infuse new life not only into Windsor but into Essex county also. Many of our local merchants need this added business and they count on it to keep their doors open.

A successful casino operation here in Windsor can set the stage for similarly run operations in other parts of Ontario. This in turn will continue to create jobs and bring in tourist dollars for other cities.

I should also note that these jobs are not only dealers or pit boss jobs; they include a whole realm of skilled labour, as well as unskilled personnel. Fixing a non-functional slot machine cannot be done by just anyone; it requires a very knowledgeable, skilled worker. The local restaurants and hotels will also require an increased number of staff, thus creating more jobs.

As much as I believe the casino will be a definite plus for both Windsor and Essex county, I would be remiss, as warden, if I didn't pass on concerns which have been extended to me. These are, however, concerns which I don't feel are insurmountable. They are concerns which require addressing in order to make casino gambling a successful operation in Windsor. These concerns I pass on to you.

Probably the first and foremost, and one which I'm sure you've already heard, is that of safety and of keeping out the criminal element. I'm not going to dwell on this issue, but only add that most county residents live in the county because they enjoy the peace and tranquillity and would not enjoy seeing a rise in the crime rate, for it would most definitely move out of the city and into our local towns and municipalities.

Las Vegas has, I feel, done an excellent job in making it safe for anyone to walk down the strip at any time. I feel confident that a similar situation could be set up here in Windsor. If people feel they would not be safe, you can be guaranteed they will not come.

My second area of concern is for those involved in the horse racing industry. By that, I don't only mean those working directly at Windsor Raceway, but the many agriculturalists who grow the feed products for the horse industry. Many of these farmers who supply the hay, oats, straw and corn live in Essex county. If the horse racing industry is not included in some manner, be it compensation or whatever, many will lose their jobs and their sources of income.

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There are various methods of approaching this problem and I'm certain that it can be worked out. As

a horseman, I can testify that it is a very difficult business in which to succeed. If horsemen are not included, many will cease to operate, and as this occurs, many spinoff jobs will soon fail to exist. This is a situation which warrants immediate attention.

A third concern, and one which is not as serious in nature but requires addressing in order to result in a more complete, rounded operation is that of the banning of dice. Provincial legislation should be changed in order to allow the use of games involving dice. It makes little sense to ban such games as craps, when allowing roulette and blackjack. Craps is one of the most popular games in Las Vegas and Atlantic City and regular gamblers all know that your best odds, of all the games, is craps.

The house has the least chance of beating you at the game of craps. Cutting out dice games will cut out much of the potential market. These would-be customers will continue to make the trips to Atlantic City and Las Vegas just to play their favourite game. This concern has been expressed to me by both Americans and Canadians on many occasions.

A future consideration should be that of expanding the operation into a number of buildings. People enjoy moving from one casino to the next. The feeling is often that one casino is not lucky but they can walk next door and their luck changes. The atmosphere may be more to their liking even though the two casinos are side by side.

In summary, I wish to thank you very much for allowing me to make this presentation. The concerns I have expressed are very real to the many residents of Essex county. This casino venture is one which can be, I feel, a very successful one. It can render to both Windsor and Essex county a definitely needed economic boost. It can bring into the area many more tourist dollars and, along with that, a host of jobs which are so badly needed. Not only will it help to bring in tourist dollars; it will also help to stem the tide of so many Canadian dollars going into the United States. It will favour Canadians spending many of their tourist dollars in our very own area.

Once again, thank you for this opportunity to speak to you and I would be most willing to attempt to answer any of your questions.

**The Chair:** Thank you, Mr Bain. We have approximately seven minutes per caucus.

**Mr Eves:** We've heard, I think, several constructive suggestions as to how perhaps the legislation could be improved or how Bill 8 could be improved, ranging from suggestions by the city, the mayor certainly made a few, Mr Duncan earlier this afternoon I think made a couple of excellent suggestions to the committee, the chief of police I think made some excellent suggestions to the committee, as indeed did the chamber of com-

merce. The more significant ones just recently have been some form of municipal revenue-sharing; consideration of provincial sales tax rebate; an age restriction on the casino of 21 as opposed to 19, although there's some debate as to whether there's legal difficulty with that or not; inclusion of municipal representation on the Ontario Casino Corp; perhaps some local input and legislative input into the selection process of proponents; and some increased policing costs.

I realize that's quite a mouthful. I wondered what your thoughts were on some or all of those. If you choose to pick one or two that you'd like to elaborate on, I'd be interested in hearing your opinion on them as well.

**Mr Bain:** On the age factor, I guess probably I would have to go around the age of 19. I don't really see it being a problem if the policing is carried out properly. I guess it means going to an extreme is my contention, and this will tie in with my thoughts on policing.

I guess a prime example is, I'm one who's up early in the morning. I'm out for walks at 6:30. So when I'm in Vegas, I'm up early, and I guess if there is a quiet time, it's maybe around 6:30.

**Mr Callahan:** That means you went to bed, did you?

**Mr Bain:** Two hours. I went for a walk in behind Caesar's Palace and the police picked me up. I mean, I—

**Mr Eves:** You don't have to tell us the rest of this if you don't want to.

**Mr Bain:** I was only out for a walk with my shorts on and a shirt.

**Mr Lessard:** Say no more.

**Mr Bain:** I know I look notorious, but—and they told me: "Back to the strip. We don't allow this kind of stuff." I was out walking back near the expressway in behind the casino. I guess that's kind of like an extreme, but I've been going to Las Vegas for a number of years, and the security they have within the casinos, they just don't allow anything. You don't see people who are intoxicated and you don't see people who are rowdy or causing problems, and I think that's got to be a key element here in regard to the policing.

I think if that kind of thing is done, you can still get away with having 19-year-olds or whatever allowed in and gambling and not having to raise the gambling age. But if we're not really strict and run what I call a tight ship, then I would say we better raise the age, because that's the age where they're out to have fun, and drinking's probably a big part of life for them at that stage. If that's so and if we can't have a really tight ship, then I'd say we'd have to raise the age to 21 or whatever.



**Mr Carr:** I had a question I asked the last people and it was one I wanted to ask the mayor too, because it's a difficult one. The chief is very well respected. He said he won't give his approval to the casino unless he gets the numbers that he feels are safe. If he doesn't give his approval, do you think the casino should still proceed?

**Mr Bain:** I guess it's a question of what kind of casino you want to have. I go to Atlantic City and certainly it's nothing that I would compare in safety to Vegas. I would have no concerns about wandering around Vegas at 3 or 4 am in the morning, but in Atlantic City I wouldn't want to wander too far off the boardwalk. I wouldn't want to wander two or three streets back in in Atlantic City at that time of night.

**Mr Callahan:** Without your helmet and your gun.

**Mr Bain:** Without my helmet. Yes. I think we're going to need that extra policing. I feel we really need it. If not, your casino is going to reflect it and you're not going to get the people. As I stated in my presentation, if the safety's not there, you're not going to get the numbers, and you're not going to get the crowds that I'm sure you want.

**Mr Carr:** Because you know what's happened? The minister or the parliamentary assistant will probably reaffirm the fact that they're committed to it, but, again, the chief is very well respected by the people who have come in. I trust his judgement more than I trust the minister or, over here, the parliamentary assistant. As I said earlier, he's gone out on the limb with this, because it's very difficult, when your city wants it and your police chief, who reports to a police services board, to sometimes do what's right, but I think the people of Windsor are well served by the chief.

So that's my question. Hopefully it'll be ironed out, but if they do not, if push comes to shove and he says, "I can't give my approval," do you believe your council, and would you personally, I guess, because you can't speak for the council, withdraw your approval if the chief does?

1500

**Mr Bain:** I would think that you need to work out something with stronger security than within the casinos themselves. I don't see it as an insurmountable problem. If it can't be done in the policing and the policing is less, then the casinos themselves have to come out with stronger enforcement within each of the casinos.

**Mr Carr:** But you wouldn't advocate giving up some of the policing authority to the casino? Surely the Windsor police have to have the final authority.

**Mr Bain:** Oh, right. They have to have the final authority. I mean, it would get to a degree. I really can't answer your question now because it would be a degree. To what degree is this policing going to be withdrawn? If it becomes detrimental to the public, then yes, I

would withdraw support for it.

**Mr Carr:** Let's hope the province will come through. Good luck.

**Mr Mills:** As a sort of deputy Chair, I've been trying to remain impartial in this discussion. It's not for the want of things to say. Thank you, Warden, for coming here. I've read your presentation and I want to touch on the horse racing, because, believe it or not, in part of my previous life I used to be a test inspector for Agriculture Canada at the raceway, and you know what that jobs entails, as a horseman.

I can remember being at the inaugural startup of Barrie Raceway. I think it was about 1976, 1977, and the crowds there were just phenomenal. You couldn't get a parking spot. Everybody was sort of going wacky there. Over the years that I worked there, albeit on a part-time basis in the evenings, I got to know horsemen and horsepeople very well. I noticed that from 1977 through until about 1982, when my wife forced me to retire from this activity every evening, the attendance dropped at Barrie Raceway significantly. It dropped so drastically that in about 1992 we would have racing nights there Wednesday, Friday and Saturday, and then they were dropped off, first of all, to Wednesdays and Saturdays and in the end right down to Saturdays.

This is leading up to my question to you, Mr Bain, about your concern about the horse racing industry. I think it would be fair to say that the horse racing industry has been in deep trouble for a number of years and I would like your comments. The suggestion is that the casino maybe is the cause of this and I don't think it is. I just wondered how you'd like to respond to that.

**Mr Bain:** If I gave the impression it's the cause of it, no, but it's a factor in it is what I'm saying. I think the cause of it has been there are too many alternatives out there now: the bingo for the ladies so that you don't have them in to—

**Mr Dadamo:** The men too.

**Mr Bain:** The men too, right. I won a couple times, George, but I quit. But it's the bingo, it's all the raffle tickets you can buy, the lotteries, the Wintarios. There are so many forms of gambling. I think that's why you've seen the decrease in people going to the racetrack and betting. It's your diehards who are at the racetrack now and betting.

I guess I'm looking at, if casino gambling comes to Windsor, it could be very detrimental to the horse racing industry, to the horsemen, to the many people out in the county who are supplying all the grains and feeds to these people. The answer I really don't know, but somehow they need a piece of the pie. It may be in the video end of it in that races at Windsor Raceway are pumped into the casino such as they do in Vegas, and now Atlantic City has just recently gone to the same thing where they didn't have horse racing. Atlantic City

has horse racing in a large number of their casinos down there now where you can go in. So Windsor could somehow pick up money from the video races being in there, pick up a part of the money that's bet there.

Casino gambling's just going to put horse racing farther out of the picture, and I think it's not just the horsemen, it's all the others who are depending on it too.

**Mr Mills:** I was going to give you that, but I think the parliamentary assistant has some answers about the sharing of the—

**The Chair:** Mr Lessard.

**Mr Mills:** Well, he was shouting at me.

**Mr Lessard:** Thank you for your presentation, Mr Warden. I appreciate it, because it's not only coming from a municipally elected politician but also from somebody who has some experience in attending casinos in various locations, I take it, from your presentation.

I'm going to just limit my questions to one area, because I know the parliamentary assistant wants to address the issue of the regulation of dice and police protection as well, and ask you specifically about municipal cost-sharing, because Mr Eves did mention that and other people have done that. For myself, as a representative solely within the city of Windsor, and I'm sure that the mayor would seize the attraction of municipal cost-sharing as well, if we were to come up with some ability to do that, how would we restrict it? As a county politician, how would you feel if it were a sharing only with the city of Windsor, for example?

**Mr Bain:** I'm sure that if it comes about, we would be looking at a piece of the pie. It may be a very, very small piece, but there is municipal sharing, and I guess if it was decided we didn't get any, we didn't get any, but there are costs that come about with wear and tear on your roads and other types of things we would have to pick up.

I think all we would really be looking at—and I certainly don't have those answers now, but we would look at, what costs would there be to us if it comes in there in the area of, as I mentioned, crime moving out more to the county, so we may have to pick up some added police. It may be very minimal, it may not, but I think we would have to look at the entire picture of, how much more is it costing us? It may be very small, it may be a large figure, and I think all we would want to do is break even. I don't think we would be looking at a game of trying to rake in big money or whatever, but I don't think—in fact I know we wouldn't want it to cost us money.

**Mr Lessard:** You understand our difficulty in dealing with that issue then. Thanks.

**Mr Duignan:** Thank you, Warden, for coming this afternoon. You indicated earlier on that you would have

concern if we were not running a tight ship. Well, the government is committed to running a tight ship with respect to internal security, surveillance, external security policing, and we will make sure we have the regulations governing the casino and investigators of those who seek to participate in any position related to the casino industry whatsoever. I just want to assure you of that, and, again, to repeat my point, we will pay for any more additional officers that are shown to be necessary for the police force of this community, Warden.

You also talked about the horse racing industry. If you look at page 18 of the request for proposals, it makes it very clear what the proponents have to do in relation to the Windsor Raceway:

"Proponents must outline a strategy that indicates how the casino complex and the Windsor Raceway can work together for their mutual benefit, since the ministry expects the casino complex to work cooperatively with the Windsor Raceway, in particular, and to be sensitive to the Ontario horse racing industry, in general. Strategies for marketing and operations based on cooperation and collaboration should be included in proposals."

I think we have a unique opportunity here, as I think somebody else said this morning, to do something that hasn't been done in other jurisdictions in relation to the horse racing industry.

You also raised the point about allowing dice in the casinos, and you indicated that was provincial legislation. Craps is basically outlawed by the Criminal Code, which is a federal regulation.

**Mr Callahan:** Ever since you rolled the dice.

**Mr Duignan:** We have noted your concerns, like we've noted the concerns of everybody who has made a presentation in the last couple of days, and we take seriously the concerns raised here in your presentation before the committee.

**Mr Callahan:** I want to go to your comment about how Vegas tightly controls the safety on the streets. You didn't even have to tell me you were a gambler, because you seem to know what goes on in these places, but in Las Vegas, as you probably know, and I don't want anybody to infer anything from this, prostitution is strictly enforced and not allowed within the strip limits. Do you know how they deal with that problem?

**Mr Bain:** That's one end I don't get into.

**Mr McClelland:** Good question. Good dodge, Tom. That wasn't answered either, Tom, that's for sure.

1510

**Mr Callahan:** I understand that it's well publicized in Las Vegas. They hand out circulars in the street. They deal with it by way of putting it outside of the strip. The reason I raise that issue is that you come here



as the warden of Essex county saying, "We want to be definite that there will be no spillover from the city to the country where people go out to live and maintain their sanity, and here's the way Las Vegas did it." I'm not for one minute suggesting that's what will happen here, but it's a potentiality. The way things are going in this world, next year everything will be legal, from what I can figure. I have to tell you that's one way they deal with it and I would hate to think that this would be the way it might work out here.

In any event, the age: The parliamentary assistant has promised we will get a written opinion from the Attorney General's department backing up a verbal one he had before, that for some strange reason to raise the age from 19 to 21 is contrary to the Charter of Rights and Freedoms or the Ontario Human Rights Code, which I've already said and I won't repeat. But I can't understand it, because there are all sorts of statutes of Ontario: how old you have to be to marry without consent, the Young Offenders Act, a whole slew of things that legislators do that in fact discriminate on the basis of age.

In any event, far be it from me to believe that the reason this is being done is that the voting age is 19 and we have a by-election coming up in this community and perhaps they're going to wait until after that takes place to decide to make it 21.

**Mr Duignan:** You have a great imagination.

**Mr Callahan:** I'll tell you that unless you can give me a legal opinion showing that you can't do it, that's the only reason I can believe in. I have to say to you I'm in tune with the police chief too. I think the fact that you can't drink in Detroit until you're 21 means that you already have young people coming over here to drink in the establishments here. I'm sure the people in this community, restaurateurs—well not restaurateurs, people who own bars, because that's where the young people would probably go, are probably happy about that.

Let's take two components, and I think the chief of police put them together very well when he said, "You now have them coming across the border to drink, to gamble and who knows what else." Is that a wise thing to keep Ouellette Avenue, which I have praised throughout my stay here and I'm sure there are other areas of Windsor that are the same, where kids can walk freely and safely? Should that not be the thing the citizens of Windsor should demand of the government, that it be 21 as opposed to 19? Why exacerbate the problem, as the chief has said it will?

**Mr Bain:** Certainly the first point I want to make is that I'm not an expert in that area.

**Mr Callahan:** Which one's that, the countryside operation or the age?

**Mr Bain:** Either one, the age or the countryside

operation. In fact, I don't drink. I do gamble but I don't drink and I don't run around with the countryside gals either. But we don't want that out in our area, that's for sure.

As far as the age goes, I realize there's a problem. Like I said, I don't frequent even bars in Windsor, so you wouldn't find me there, so I probably don't realize the extent, but I have heard from many others that there is a problem with the younger Americans coming over. I have a son who's 21. He's at that age right now where's he's out frequenting bars once in a while and says he's seen many a scrap and whatever, and it's Americans versus Canadians, so I really don't know the extent of that problem.

**Mr Callahan:** You're just lucky they're both Detroit fans or you'd have it even worse.

**Mr Bain:** If it's a problem, then I guess I would move my decision to moving to 21 years of age. It could become a lot worse. Moving gambling in could bring a lot more, and that's something that's going to have to be worked out with others than myself who are more expert in the area, such as the police chiefs.

**The Chair:** Regretfully, our time has expired.

**Mr Callahan:** Can I get five minutes?

**The Chair:** Mr Bain, thank you very much for presenting before the committee today.

**Mr Bain:** Okay. Thank you very much.

**The Chair:** I would like to ask if Alan Berger is here. He's the next presenter on our list. I don't see him here and I don't see Fred Upshaw, whom I know, representing OPSEU here. Is there anyone here representing OPSEU? No?

I guess we'll do a 10-minute recess right now.

**Mr Callahan:** Mr Chair, could we move on to the next one?

**The Chair:** If Gordon Fry, the manager of Chatham Coach Lines is here, he's welcome to come forward, except that he's not expected to present until 4:30, so I think it's highly unlikely he is.

*Interjection.*

**The Chair:** No, not that I'm aware of. We're going to take a 10-minute recess and see if we can get a presenter.

*The committee recessed from 1516 to 1526.*

ALAN BERGER

**The Chair:** Order. The committee will come to order. Our next presenter is Alan Berger. Welcome to the standing committee on finance and economic affairs. You have 30 minutes to make your presentation today, and if you would like to proceed, please.

**Mr Alan Berger:** Thank you very much. My name is Alan Berger. I come here to speak as a private citizen and also as an independent business owner.

The casino in Windsor will be a winner in all aspects. There will be a tremendous increase in tax revenues, both directly and indirectly, and there will be a tremendous boost to our ravaged downtown business area. Existing restaurants, hotels, bars and retail outlets will be much busier and the long-term vacancies that have plagued our downtown will finally be filled.

The result, when tied with the casino jobs, will be an increase in business and property taxes to the city and an increase in corporate taxes through business profits to the province. These are profits that a lot of these businesses haven't seen for two, three and four years, and besides, the province's share of the casino revenue, the PST coffers, will finally hit the jackpot.

If this committee has any sway in regard to PST collection, I'd like to suggest an effective method of collecting PST be found for the cross-border shoppers returning from Detroit and that the PST for non-Ontario residents be refunded. I think this is an issue that has to be addressed again. The tourists, and we're talking about 8,000, 10,000, 15,000 a day who will be coming to our city, shouldn't have to pay the sales tax. If they do, they should be refunded at one point or another. The GST is refunded to all non-residents. The province should follow suit.

An area of concern that hasn't been discussed very much is the level of consumer confidence affected by good or bad news. I've spoken to Wayne Lessard about this on a local level here, and it just showed that when there are positive discussions on the confirmation of the Windsor casino taking place, the general attitude of the consumer was one of spending, but when the provincial budget came down in May of this year, a lot of businesses felt like someone had just turned the tap off.

What we need now are some firm decisions. We need a final selection of the operator, and construction of the casino to begin as soon as possible. The temporary casino placed at the Art Gallery of Windsor is part of this process, and the sooner the casino opens, the sooner the revenues will roll in for both the city and the province.

There has been a great deal of planning, from different points of view, in this city and provincial partnership, and it follows that we use the expertise and the experience of professional consultants, whether they are Canadian or American or from any other part of the world. We want the best casino possible for today and tomorrow.

I just want to wrap up with a couple of final suggestions. If the committee has any sway, again, in regard to the federal government's control of legalizing the craps tables, I think this is an area we should look at opening up. Liquor should be allowed in the casino, in my opinion. Also, the increase in the cost of policing that the city will incur should be offset by either the province or the casino somehow. That's pretty much it, guys and gals.

**The Chair:** Thank you very much for your presentation, Mr Berger. It was very good. We have about eight or nine minutes, I guess, per caucus. We're starting with the government caucus.

**Mr Lessard:** Thank you, Mr Berger. I think the record should show that the business you operate is Brotherhood. It's on Ottawa Street as well, right?

**Mr Berger:** Right.

**Mr Lessard:** I can tell from your submission that you have met with your other colleagues, two of whom we've heard from, from the Ottawa Street business improvement area. They also mentioned the provincial sales tax rebate for people shopping from outside of Ontario. Mr Orman expressed that yesterday, and I indicated to him that was a good idea but something that I think is beyond the parameters of Bill 8, which we're discussing at this point in time. But it is an important aspect with respect to tourism.

You mentioned some of the benefits that will accrue to businesses in our area. One of the ones that you mentioned was bars. We do benefit a great deal from the American market with respect to bars, most notably people who are 19, 20 and 21. When the chief was here yesterday, he expressed his concern that the age for gambling would be 19 and that it would include the Americans who come over here to enjoy our licensed premises. He felt that the age to be permitted to gamble in the casino should be 21. I wondered whether you had any feelings with respect to that.

**Mr Berger:** I've read some of the articles, and my opinion is that the age of 19 should stand as it is. If that's the legal drinking age in the province, then I can't see that we bar them from a casino when we're stating that in the province's opinion they're old enough to judge when they can drink and when they can't drink, when they've had enough. It will be up to the casinos to control the policing of any individuals who might be causing problems. I think that if the casinos are run properly, they'll know who the rabble-rousers are. If they've caused trouble once, the casinos are going to know once they come in a second time. These are not amateurs we're dealing with as casino operators.

**Mr Lessard:** I'm sure that the parliamentary assistant might have some comments with respect to drinking in the casino. I don't know whether he wants to respond to that, but I just really wanted to commend you for your success in business up until this point. I know it's been a difficult few years, but you've been able to do well. I hope, with the introduction of the casino business, that will improve.

**Mr Dadamo:** Great store.

**Mr Berger:** Thank you.

**Mr Dadamo:** I know you have stiff competition; they were here yesterday. We applaud you for tenacity and being able to stay in business during recessionary



times in this town. You've done extremely well and you work and operate on a great street. I asked the same question to those others who are from the Ottawa Street area. I'm sure you're part of their business association.

**Mr Berger:** Yes, I am.

**Mr Dadamo:** I just wanted some personal views from you as to what mode of operation there was going to be coming from you to attract people from the downtown Windsor area final site here to try to get them into Ottawa Street.

**Mr Berger:** I'm part of the Ottawa Street business promotions committee. There's a group of three that basically does general planning and then we go to a further committee for decision-making. But in our discussions we felt that Ottawa Street doesn't have a great deal to gain initially from the tourist sector of the casino. What we're looking at are the 8,000 to 10,000 to 12,000 jobs that will be created. If these people are working, they'll be spending. If they're working, they need clothes. They'll need food; they'll be going out to restaurants. They'll be needing shoes. This is the portion we're looking at. I think anything beyond the group of workers that is created, the people we are taking off the unemployment lines and off the welfare rolls, that's what we want. If we see that there's an area where we can gain business through the tourists, we've discussed possibly printing up some kind of brochures.

We've seen this in other areas, not necessarily getting our books into the hotel rooms, but more so the little four-page high-gloss folders that you see in the hotel lobbies. You can pick it up and it explains some of the history of Ottawa Street, the fact that we're third- and fourth-generation owners in our businesses, that there are 60 businesses and some fine restaurants, some ethnic restaurants. This is how we're going to approach it. But it's going to be a step-by-step issue. We're going to take it gently on the tourist end of it but aggressively on the new employment created.

**Mr Dadamo:** But you'll still get, I'm sure, at the end of the day when the shuttle services are in operation—because I think that will be the key to a lot of success here.

**Mr Berger:** That also will possibly take place, but I can't see it being a negative. If anything, we have a lot to gain and nothing to lose.

**Mr Dadamo:** You're into clothing and those kinds of things, so obviously you're going to want to attract people to spend that little bit extra to buy some clothing.

**Mr Berger:** Absolutely. In my particular business we specialize in leather jackets for men and women. This is an area where some of the American tourists still might have the impression that they're going to come to Windsor in the middle of July and are still going to need a leather jacket. So this is an area that we can pursue.

**Mr Dadamo:** But you've also interjected a lot of your personal ideas, I'm sure. You have a partner, don't you?

**Mr Berger:** My brother is my partner, but I speak for both.

**Mr Dadamo:** So you've interjected with some personal ideas as to getting people down.

**Mr Berger:** Absolutely.

**Mr Dadamo:** You're quite actively involved in sessions with—

**Mr Berger:** I'm very active in the Ottawa Street Business Improvement Association.

**Mr Duignan:** The whole question of liquor has come up again. As you know, the casino will be subject to the liquor regulations like anybody else, and those present regulations don't allow liquor at the tables. However, the charitable casinos have an exemption under that act, and like anything else, regulations can change.

**Mr Berger:** From what I've read from Madam Minister Churley, the outline was no alcohol on the casino floors, but there was room for adjustment once the casino was up and running. I think that we have to go into this with our eyes open. I have been to Las Vegas; I've never been to Atlantic City. But to sit at a machine or a blackjack table for two or three hours, it's not bad to sit and have a drink in your hand.

**Mr Duignan:** But I understand that the experience of the charitable casinos was that hardly anybody drinks at a table. My experience in Las Vegas—and there they serve free drinks as long as you continue to gamble—is that very few people were actually drinking. I was the exception.

**Mr Callahan:** He was also losing.

**Mr Duignan:** I noticed that the dealer at the table got rather upset that I wasn't concentrating on the cards, that I was actually drinking. But that's generally the experience, that not many people at all are drinking at the tables.

**Mr Berger:** I was just in Winnipeg in May on business and I had my travel agent book me into the Crystal Casino in the Fort Garry Hotel. I wanted to take a firsthand look at the operation. In my opinion, it's small potatoes compared to what we want to do here. I was a hotel resident at that point. I went through the elevator to the eighth floor, where the casino is, and they wouldn't let me off the elevator because I didn't have a tie on at first, which I felt a little insulted by, considering I'm in the hotel paying the fare. I explained I just wanted to take a look, poke my head in the door and see if it was worth coming up. They said, "I'm sorry, you can't come in." Later that evening I did some business and I came back and put a tie on and walked in. It's a small casino, but the format was that it was almost one of the weekend amateur formats that I've

seen up and running in Windsor quite a bit and now, I understand, in other cities too. I think that the Windsor casino, both temporary and of course permanent, has to be strictly professional.

**The Chair:** Just for the record, if you happen to go to Freeport and play blackjack there, they supply you with all the drinks you can drink while you're playing, for free.

**Mr McClelland:** With your permission, Mr Chairman, I just wondered—it's simply a request—if you'd let me know when we have three minutes left, so Mr Kwinter can—

**The Chair:** I will.

1540

**Mr McClelland:** Thank you very much. I don't want to take this lightly, Mr Berger, but I wanted to just indicate in response to the parliamentary assistant's comment that he is truly an Irishman, not only in name but in spirit as well. No offence to my Irish friends; you'll note from my name that it's my heritage as well.

**Mr Callahan:** Careful.

**Mr McClelland:** Yes.

Mr Berger, you made a point that I think is very, very telling—two points, actually, but they're hooked on the same item, if you will. One was that you felt there should be alcohol served at the table. The follow-up to that was that it's inevitable, it's just a matter of time. I've heard a number of people say that. They're saying: "Come on, let's be realistic about this. Let's get the shop up and running. It'll change and it'll evolve."

Therein lies a bit of a dilemma. Here's the problem: We've heard from the Downtown Business Association people, restaurateurs, some of your colleagues in business and friends around the community who say that one of the fundamental desires, if not requirements, is to have the traffic out and about in the downtown area. You also have, at the same time—and you're a businessman—a private sector operator with private money whose motivation, rightly so, is to turn a profit. Part and parcel of turning that profit is we know you make good numbers on beverage alcohol sales.

I just want to throw that out. It may or may not elicit a comment, but I think we have in there a bit of a dilemma. The restaurateurs and association are saying, "We want effectively in the legislation, in regs, some relatively tight prescribed ratio of seating and square footage and so forth available for the serving of food and"—I think from a business point of view equally important, perhaps more important—"alcoholic beverages."

We do have that dilemma. I don't know how to come up with a solution to it. But I think the point you make is very, very telling. I think that you're just being upfront and honest. It's a matter of time and I think we have to consider that over the course of time the

pressure will be there to turn that profit, to make it viable. Let's face up to that and deal with it right up front. I appreciate your forthrightness on that.

**Mr Berger:** To follow up on that comment, we can only make a first impression one time. If we have a tourist travelling 200 miles from Cleveland, Cincinnati, the Toronto area or northern Michigan, if they come in here once and they're left with a bad taste in their mouth—for whatever reason; it could happen for any reason—they might not come back. But if they come down here and have a good time—that doesn't necessarily mean that alcohol relates to a good time, but it just kind of eases the situation along, I think, in the mode of gambling.

**Mr McClelland:** Not to beat it to death, but I just think you've flagged it very well. You just can't simply say: "Oh, it's okay. We'll limit it in the casino and then people will go out and spend their money and shop elsewhere." I think we've got to be real about this. I think it's inevitable that the pressures—whether we succumb to those pressures or not is in the collective wisdom of the government—pressures are going to be there and they're going to mount extremely quickly.

**Mr Kwinter:** Mr Berger, were you part of the trip to Gulfport, Mississippi?

**Mr Berger:** No I wasn't. One of our Ottawa Street associates, Norm Ordoover, who spoke earlier, was and he told me about his experiences.

**Mr Kwinter:** Do I have time, Mr Chair?

**The Chair:** Sure, you have lots of time.

**Mr Kwinter:** You make an interesting point about your visit to Winnipeg. The thing I find interesting is that some of the proponents are equating the fact that Winnipeg has got this casino and we've got to have the same kind of thing, and you're saying that we don't really want that kind of a casino, that we want a casino that is different from the casino in Winnipeg.

That sets up a whole other series of concerns as to at what level—we had the presenter just before you suggesting that in his opinion we need a whole series of buildings so that people can go to one casino and, if they feel unlucky, can go to the next one or, if they feel unlucky about that, can go to the next one. The question then becomes, what are we talking about? Are we talking about one casino? Are we talking about a whole extension of casinos? What is too little and what is too much and who determines that? Do you have any comments on that?

**Mr Berger:** One of the comments I made near the end of my speech is that we definitely take advantage of the professional consultants, the expertise and the experience that these people have in consulting, and let's incorporate it into the plans that the province and city are planning. If the Coopers and Lybrand study tells us that the six or seven casinos could generate X



amount of dollars and be a tremendous success and increase employment, then I think that we should listen to them. If we're paying them through provincial taxation, we should listen to their input.

My personal opinion is that a city of our size probably should start out with the one casino. If the province sees that it's up and running, it's successful, there's room for two. We do have a very unique marketplace. We're across the river, a mile away from a different country. We're a mile away from the fifth- or sixth-largest marketplace in the United States. We have a travel time of three hours to incorporate, I think, 35 million or 40 million people; I don't know the numbers exactly. But we do have a unique point of view.

I was born and grew up in Windsor. I have a lot of people from Detroit, friends of mine, who all they talk about is, "When is the casino going?" I'm talking judges, I'm talking lawyers and doctors and educators and factory workers, and they want to come over. The Windsor market is going to aim towards the American side, and in that way we're not necessarily competing with possible other casino sites in Niagara Falls or in Ottawa. What we need here is one to start and possibly two or three. And if 5 or 6 or 10 years down the road, it's successful and there's room for more, then we look at it further. But I think there is room for probably more than one in Windsor eventually.

**Mr Carr:** One of the concerns that was raised is with regard to the issue of crime, and you've heard some of the debate with the chief and the number of police he needs and so on. One of the things that makes your area such a good potential is that it is safe, versus right across the river where the crime is—I think in some of the discussions this morning people were trying to say, well, with new jobs there would be less unemployment, less crime. I'm not as worried about the criminals here as I am the ones from Detroit coming across, because they have a massive problem with crime there.

Do you have any suggestions on what we can do? Are you worried about the criminal element coming over? I'm not even talking about the organized crime. I'm talking about the street level, where people say: "There's a casino. There are a lot of people carrying cash. I'm right across the river and nobody goes to downtown Detroit. It's 12 o'clock at night. The best place to rob somebody is to go across and around the casino." That would affect your area and potentially ruin it. Are you concerned, and, if so, what should be done to make sure, as a person in the immediate area, that your community remains safe?

**Mr Berger:** The province, in my reading, has okayed the hiring of 10 extra officers for training, and I think there should be funds set aside for training the officers who are presently on duty into casino patrol or casino control. Again, this is where we look at consul-

tants, whether we look to the Las Vegas people or we look to the Minnesota people or the Gulfport, Louisiana, people, and we ask how they handle it. We ask their chief to tell our chief what different measures they use since gambling came in.

It's funny that you can go to Las Vegas and you can gamble and leave your money in a machine and walk away and grab a drink or, you know, say hi to a friend, and come back a few minutes later and your money is still at the machine. Somehow they've controlled the gambling, whether—

**Mr Callahan:** I wouldn't try that too often.

**Mr Berger:** I wouldn't do it as a practice, but I think that's as much a rule as any.

**Mr Carr:** Of course, the big problem is that Las Vegas doesn't have Detroit right next door. That's my concern, and nobody seems to be raising the fact about that.

You raised the issue of the number of police. Where we're at is the province is going to give them 12, the chief wants 30, and we're in negotiation now, as you've probably read; it's been in the paper and so on. I've said I would listen to the chief over anybody else. Is that your feeling too, as somebody who has worked with the police here, that the chief should be the one to decide and not the—

**Mr Berger:** I'd see a compromise somewhere along the way, but I like the input from our Windsor police chief. He's asking for the 30 officers, that we should be ready at hand with trained officers if the need is there. The crime factor coming over from Detroit is going to exist. We've lived with it all our lives here. I'm sure there is going to be a greater element of crime crossing the border with the casino in operation, but again this is something that we have to aim at; we have to prevent it. We have to look at it with our eyes open at all times, starting today.

1550

**Mr Carr:** Good luck.

**The Chair:** Thank you very much for presenting before the committee today, Mr Berger.

ONTARIO PUBLIC SERVICE EMPLOYEES UNION

**The Chair:** Our next presenter is Fred Upshaw, president of the Ontario Public Service Employees Union.

**Mr Callahan:** An old friend of yours.

**The Chair:** Indeed you're right, Mr Callahan: an old colleague and friend of mine, Mr Fred Upshaw. If you would please come forward, Mr Upshaw—

**Mr Callahan:** He's got a delightful brief, too.

**The Chair:** —and Mr Bert Hart, the organizing rep for OPSEU. Please make yourselves comfortable. You're no stranger to committee hearings; I know that, Mr Upshaw.

**Mr Fred Upshaw:** That's true enough.

**The Chair:** You have 30 minutes to make your presentation. Please proceed.

**Mr Upshaw:** Thank you very, very much for the opportunity to be here today. I appreciate that, and I want to say that I'm the president of the Ontario Public Service Employees Union, representing about 105,000 members in the province of Ontario.

Sitting alongside me is Bert Hart, who will answer any technical-type questions that you may have, given the fact that I've been spending most of my time lately on what you call the social contract. He'll respond to your technical questions and I'll respond to general-type questions.

I'd like to start out by saying that Ontario is suffering from the disastrous economic and social policies of the federal Tory government. The 105,000 members represented by the Ontario Public Service Employees Union see the resulting problems every day. In their working lives they see the children and families in crisis, the breakdown in our educational system, even the pressure on the province's correctional system. As neighbours and citizens in their communities, they know the depth of despair being felt in this province.

OPSEU members know the answer is not more cutbacks. The Ontario government has been wrong in repeating Tory economic policies that benefit only the wealthy. Wrenching \$6 billion out of the Ontario economy with an expenditure control plan and the so-called social contract is bringing no relief to the people of Windsor.

The introduction of casino gambling has the potential to create many of those jobs, directly and in the ancillary tourism and service industries. It also has the potential to create vastly greater problems for a city already reeling from a decade of ill-conceived economic policies.

Border communities such as Windsor, Sault Ste Marie and Niagara have been hit terribly hard. Millions of dollars continue to drain to the American side through cross-border shopping. They are attracted by lower US prices, a reflection of lower US taxes which support vastly inferior US social services. Unfortunately, it also drains tax revenue from Ontario, contributing to our current economic difficulties.

A casino in Windsor will attract American customers and return some of the money presently lost to us through cross-border shopping. Visitors who come for the casino will also patronize restaurants, hotels and motels, and other tourist services. Think what an estimated 12,000 daily visitors could do for the retail economy of a community such as Windsor. That would further regenerate the host of other businesses that supply the retail and tourism industries.

This committee's review of the merits of casino

gambling in Ontario comes at a crucial juncture in the province's history. An aggressive campaign by advocates of a lean and mean neo-conservative economic agenda is confronting Canada's long-held belief in a caring society, a society based on a central role for secure, universal, properly funded public services and programs.

Against a backdrop of severe cutbacks and stern warnings about the need to compete internationally, it would be easy to believe that we have no choices. In this context, casino gambling is presented as an enterprise that must be privately operated. OPSEU believes this is an extremely dangerous option and that we have a better alternative that is more in line with our social traditions.

In Canada and in Ontario, we have chosen public enterprise to deliver a wide range of services to citizens and visitors. In Canada, it is the government that operates the liquor stores, that insures medical services, that runs our electrical utilities, that provides education to our young people, protects our environment, supports senior citizens, operates federal and provincial parks, provides the highways and other infrastructure of society and so on. Government is a very real and legitimate part of our lives every day. We see government services as important and integral to our way of life, and the more risky the enterprise—risky in terms of potential danger to our citizens and our communities—the more we are inclined to want it provided within the public sector. Gambling is by its nature such an enterprise.

Ontarians rightfully demand a very high level of scrutiny for any operation like a casino that could attract unethical operators. We expect vigilant protection of the interests of those who will participate in casino gambling, and we want to ensure that all revenues to the province are duly paid. Will we be assured of this if our first casino experiment involves the government only as an arm's-length regulator? We don't think so.

In many other jurisdictions, casinos have raised legitimate concerns for safety and security, concerns already expressed by community groups and law enforcement agencies. Their experience points to the need for Ontario's pilot casino to be run by the public service. OPSEU recommends that Bill 8 be amended to achieve this.

As evidence, we point to the years of successful operation of the Crystal Casino in Winnipeg, Manitoba, its predecessors and the two other new entertainment centres there. The Crystal Casino as a gambling operation has had virtually no impact on the Winnipeg crime scene. In fact, this casino is also unique in being the only fully publicly operated gambling establishment on the continent. With a take of \$26 million last year, half as profit for the provincial treasury, it was a very lucrative public establishment.



Ontario has tacitly admitted its concern about violence associated with a privately operated casino by agreeing to fund 10 additional officers for the Windsor police force. The Windsor police say the casino as planned will require the addition of twice as many officers as the province is willing to support. The Winnipeg model has proven to have minimal impact on the need for policing. Why is there such reluctance to take this obvious solution?

1600

We would agree with the comments of Peel Regional Police Chief Robert Lunney, as reported in Hansard on July 26: "If you're going to proceed, bear in mind that you're going to have all sorts of problems, but if you're bound and determined to proceed in the face of those problems and somehow feel you're going to be immune from them, for heaven's sake make sure it's completely government-run and government-controlled with no private gambling firms as partners."

Most gambling authorities believe government-run casinos are operated more honestly, cutting our avenues for corrupt practices. Senior law enforcement officials agree. When the Crystal Casino was set to open, the assistant commissioner of the Royal Canadian Mounted Police in Winnipeg told the Canadian Press that its unique concept was not attractive to the criminal element. The long-standing, crime-free status of gambling at the Crystal Casino was unfortunately not the case at two other large gambling centres in Manitoba now known as entertainment centres. In their case, where private entrepreneurs were operating bingo games, there was evidence of game rigging and related illegal activities. The Manitoba government solved those problems by bringing the entertainment centres under the wing of the public service, providing the public with renewed confidence for crime-free gambling activities. We should learn from the experiences of our neighbouring province and not repeat its mistakes.

A casino in Windsor with a good reputation, free of the problems associated with Nevada and Atlantic City, could be a very attractive drawing card to help spur a local recovery. We must make certain that the benefits are not offset by the sad experiences of other jurisdictions with privately run casinos: increased crime and deterioration of the community. Windsor and its workers deserve the benefits of a government-run casino akin to the Manitoba casino model. A public service casino has its place in an integrated government approach to tourism, recreation and related ministry services. The casino, as an Ontario public service function, can dovetail with a wide range of services to visitors and be the impetus to expansion of related business in the private sector. The government has already recognized the casino will be a quasi-public service by granting the operator an exemption from paying the GST to the province. It should take the next step, which costs the

province nothing, and make the casino a truly public enterprise.

The government is now offering a plum to Windsor, but its myopic view excludes the reality of the problems associated with privately operated casinos. As a result, this government will shortchange the city by giving it unnecessary problems that will prove very costly, economically and socially. Windsor deserves better. It deserves a safe and responsibly run casino, a casino run by the government and accountable to the people of Ontario.

**The Chair:** We have five minutes per caucus.

**Mr Kwinter:** Mr Upshaw, I was really interested in your comparison of the Winnipeg operation, the Crystal Casino, and the experience you've had. Just before you came in—or maybe you were here—the presenter before you talked about his experience there.

I think one of the problems we have is that we are not talking about the same kind of operation. When you talk about the Crystal Casino in Winnipeg, you said its take was \$26 million last year, half profits, so the profit to the province was \$13 million and it ran the whole thing. The projection for the casino in Windsor is that the provincial government's 20% share of the net profit is going to be, according to its estimates and according to the figure you used in your presentation, \$140 million.

So to be able to compare what is happening in Winnipeg and to suggest that the situation is well in hand, without a problem; when you consider I think it's on the eighth floor of a hotel—the only access to it is by elevator—you're talking about a totally different kind of operation. It's an operation that, unless the government was running it, would not be attractive to too many people, other than a local person who would generate some fairly good revenues.

My concern is that I'm kind of attracted to your proposition that this should be a totally government-run facility, because I think that would eliminate a lot of the problems. But it will not eliminate the kinds of problems of a social nature that will occur, not because it's poorly run; just by the sheer size of it. We're just talking a different animal than what we're talking about in Winnipeg. Do you have any comments about that?

**Mr Upshaw:** Yes. I have been to the casino out in Winnipeg, I've been into many nightclubs throughout this country and also the United States and I have been in some of the casinos in the States. I want to tell you that when I walked into the casino in Manitoba, I felt completely relaxed. I had a fantastic evening of entertainment. Just as many women as men were there who were having a fabulous time, with no concern of any kind of hoodlumism going on. It was a perfect, relaxed evening, and I believe the reason for it was because it was being run by the province.

I believe that the citizens of this province have come to believe that in the public sector, they rely on the honesty and the professionalism of the people who work in the public sector because they're not there for profit; they're there to provide professional service and to ensure that those who want that service get the best possible.

If the citizens of this province realize that the government, through the public service employees, are running the casino, I believe they'll have much more confidence in what's happening in that casino and I believe it will be in fact a deterrent to the criminal element to realize that this is being run professionally by law-abiding—no pre-perceptions of those who are running the casino as being tied in with gamblers or this, that or any other thing—the perception that these are next-door neighbours with a high quality of service who will be the ones running the casino.

So I suggest to you that just the mere perception that it's being run by the public service would be a cause for criminal elements to stay away.

**Mr Kwinter:** Mr Upshaw, just one last question so that I get an idea of what we're talking about. In your estimation, because you've been there and I haven't, how many employees does the Crystal Casino have and how many people would it accommodate at any one time? I understand there's a turnover, but what would the fire regulations allow in the way of occupancy of that casino?

1610

**Mr Upshaw:** Personally, I didn't ask how many employees worked there. I would guesstimate probably around 150 employees; that's a guess on my part. But I also tell you that I've been there several times and conventions were being held there and the people who were frequenting it were out-of-town people. I can tell you that on the three floors there were times when you had to line up. When they reached a certain number, you couldn't get in, and also the dress code was strictly adhered to.

I can give you a really good example of one of my own friends who wore a shirt, a tie, a jacket and a pair of jeans. This is his mode of dressing up. He was refused entrance because he had jeans on, even though he had on a white shirt, tie and jacket. That's how stringent the policy of running that casino was. Because it was run by the public service, all the administrative policies had to be adhered to.

**Mr Kwinter:** Thank you.

**Mr Eves:** Mr Upshaw, carrying along somewhat the line of the questioning that Mr Kwinter was operating on, I think that you may well have a valid point. Would you view the province's undertaking in a Windsor casino to be the same size, which I think is a fairly substantial undertaking, what it's talking about now, as

opposed to the Winnipeg experience? Would it be your intention that such a public service-run casino would be the same size and magnitude that it's talking about, which of course would be a very substantial capital undertaking on behalf of the province if it were to own and operate it itself?

**Mr Upshaw:** Would I agree that it be the same size as the one in Winnipeg or—

**Mr Eves:** No, the one they're proposing to build here, which I think is fairly substantial.

**Mr Upshaw:** I don't see a problem with the size if it's properly staffed by professionals who care less about profit but more about service, and then the government sets the guidelines and everybody adheres to them.

**Mr Eves:** I think one of the problems the government may have now is that of course it has put out a request for proposals. Operating on that basis, several undertakings have submitted proposals, the cutoff date has occurred and for the government to try and change that now or backtrack may be fairly difficult for it, to say the least.

Did OPSEU make any representations to the province before the request for proposals went out, or indeed even after it went out? Have you been in consultation or discussion with the government about this?

**Mr Bert Hart:** If I could respond to that, Mr Eves, we had written to the Minister of Consumer and Commercial Relations and asked her to consider making this a public service venture and the reply was in the negative. I don't want to go into that too much—

**Mr Eves:** Okay.

**Mr Hart:** —but, yes, some time ago. In fact, I believe it was in early spring that we actually brought this up.

**Mr Eves:** Okay.

**Mr Duignan:** Thank you, Mr Upshaw, for appearing in front of the committee this afternoon. I've just got a couple of questions. In your brief you've stated that for security and safety, the casino would be better operated by the public service. It has always been the tradition in Ontario that the gaming industry has always been kind of a public-private mix. I was just wondering, should the horse racing, the Monte Carlos, bingos or lotteries then also be run by the public service?

**Mr Upshaw:** I guess if I had any say in it, I'd like to see it run that way, yes. But having said that, I'm using an example of a casino in Canada that's run by the province, and the results far exceed the results of casinos that have been run by private entrepreneurs in terms of the criminal element. That alone should be cause for this government to consider modelling the type of operation from the Crystal Casino in Manitoba.

**Mr Duignan:** I'm just wondering if you could



comment, for example, on British Columbia, which has 12 casinos. There they are charitable casinos and, again, it's a public-private mix and they seem to operate in a pretty efficient manner, a safe manner.

**Mr Upshaw:** Our statistics show that there is less criminal activity surrounding a casino that has been running provincially, and our statistics also show that where it's been a privately run casino in the same province, the element of criminal activity was increased. To solve the problem they switched the other two casinos over to being run by the province, so why should we make the same mistake when we can learn from what's happened in one of our sister provinces?

**Mr Duignan:** Given your assumptions that public ownership equals, basically, safety, if the casino was operated by the public service, would there be any need for increased police services here in Windsor?

**Mr Upshaw:** I believe if you look at the brief it's quite explicit that the experience of a casino in Winnipeg run by the province decreased the criminal activity from those casinos run by private enterprise.

**Mr Duignan:** You didn't quite answer the question. We're dealing with a casino in Winnipeg that is some 17,000 square feet in size compared to 75,000 square feet in size here, or for the Windsor area, and we're building a free-standing building in its own right. Again, if it was run by the public service, would there be any need for an increase in the police force here in Windsor?

**Mr Upshaw:** I would say there would be a need for increase, but not to the extent that's now being proposed.

**Mr Duignan:** What would be the number, in your opinion?

**Mr Upshaw:** That's a beautiful question. I'm not a law enforcement officer. I would suggest to you that our statistics show less criminal activity associated with a casino run by the province than casinos run by the private entrepreneurs.

**Mr Duignan:** I appreciate your comments. You made a remark that the casino would be exempt from GST. I think the ministry has told the proponents—it's in page 7 of the proposal—that they must comply with all the legislation regulations at all levels of government. There's been no exemption promised or offered. In fact, the proponents have been told to assume the opposite for purposes of their proposal.

**The Chair:** We are out of time, but if Mr Upshaw or Mr Hart would like to respond to that—

**Mr Upshaw:** It's been reported in the press that there will be no GST.

**Mr Duignan:** Do you believe everything the press says?

**Mr Callahan:** Can I just have clarification, Mr Chair, on one item.

**Mr Upshaw:** I take it for what it's worth.

**Mr Callahan:** The one item that was raised, I think by Mr Upshaw or perhaps one of the members, about the ability of the government at this late stage to go the other route, I think it's important that at page 7 it be clarified that they do have that option, they can get out. I think that's the case. Maybe the parliamentary assistant would help me if my reading of section 13 is correct that they can in fact, "...that the ministry doesn't bind itself to accept any proposal and may proceed if in its sole discretion it determines following receipt of proposals..."

I want to know if they still have the option to get out. If they don't, then considering even what Mr Upshaw said, maybe just pie in the sky, but I tend to like the idea too.

**Mr Duignan:** You are correct.

**Mr Callahan:** Is that right? Well, okay, just to clear the air on that—

**The Chair:** That concludes our time, unfortunately. I'd like to thank Mr Upshaw and Mr Hart for presenting to the committee today on behalf of OPSEU. Thank you very much.

**Mr Upshaw:** Thank you very much.

**The Chair:** Our next presenter is Chatham Coach Lines. Gordon Fry is the manager. If Mr Fry would please come forward.

We're going to recess until 4:30 because Mr Fry, representing Chatham Coach Lines, is not here at this time.

*The committee recessed from 1621 to 1630.*

#### CHATHAM COACH LINES

**The Chair:** Order. I'm bringing the committee to order. Would Mr Gordon Fry, the manager of Chatham Coach Lines, please come forward. Take that chair right there where the microphone is glowing red, Mr Fry. Welcome to the standing committee on finance and economic affairs. You have 30 minutes within which you can make your presentation, and if you choose to leave some time for questions, that's quite allowed. Would you like to proceed.

**Mr Gordon Fry:** Good afternoon, ladies and gentlemen. Thank you for the opportunity to speak to you today. My name is Gordon Fry. I'm the corporate operations manager for Chatham Coach Lines, a company owned and operated by J.I. DeNure Chatham Ltd, formed in Chatham, Ontario, in the late 1940s and moved to Windsor in the late 1970s.

Firstly, I'm not for or against casino gambling. However, from the reports I have read, whether it be in the newspaper or studies, it's certainly a gaming sport that many people enjoy. I also know, from our business aspect of it, that many people do participate in this, as we have actively engaged in transporting persons en

route to Las Vegas as well as Atlantic City. In fact, one weekend, we operated some 13 charters to Atlantic City alone from this area for persons to participate in gambling. So why not have it locally? Many persons will come to the area if it is local, and the benefit that we as business people in the area will derive will be to our businesses. That's why I am here.

We have a transportation company, and when large numbers arrive in an area to participate in any event, transportation is needed. Because of the fact that we're in the transportation business, we as a company can stand to benefit, as well as put people to work in various areas.

We have an authority to operate charters from an area in Ontario from Owen Sound down through to Kitchener, across to Brantford, on through to the lake and west. Many of those persons are within an area where they could take a one-day trip to the city of Windsor. Perhaps some might choose to do longer. We also have a licence with the Ontario ministry to operate a fare-planned activity where the persons could participate and buy individual fares on such a trip.

In addition to that, we operate several line services. The one's that most affected by casino gambling in Windsor would be our line run from Metro Detroit to Windsor. This is a service that the company started back in 1983. For many years the fares on that service would cover the cost to operate the service. With the poor economy that we've had in the later years, it's been a money-losing proposition for us. We've continued to provide the service, as it is a service to the people of this area, but with the reduced trips that we had to do to save money we did put some people out of work. There was one full-time staff let go, plus two part-time people. Fewer riders again proved that we had to decrease the service. In February of this year, we began to operate on a reservation basis only. Again, that put a full-time person out of work and it's only operated by a part-time person at this time, although we are able to cover our costs on it.

But we feel that if the casino were to be established in this area, it would certainly increase the need for such a service, as many people would arrive by air and would need transportation for the most part. We should be able to put our two persons back to work, plus six or more others. We should be able to put perhaps four to six part-time people to work.

We would need more buses to provide the service. The buses we've used are Dodge or Chrysler product vans, whether they be mini or maxi, and locally built—more business to the locality.

It would also prove to be of added benefit to persons in this area, whether they be business travellers, vacation travellers or others. They could leave their car at home and have better service to and from the Detroit metropolitan airport if they chose or had to fly out of

that. They would save paying a parking fee to a US company. It would not give them an opportunity to fill their tank up in the US. There would be more choices of time for them to travel.

Our company, in particular, had the backbone of the school bus business throughout the years. Although this may not be related to casino gambling, I do want to touch on it, because with the funds reduced to the boards now, it has meant less service. They've got less money to spend. As a result, they're reducing their runs. It's certainly had a dramatic decrease in the volume of business done by our company in this city.

Needless to say, when business goes down, and revenue, you still have overhead costs. Certainly, the company now is faced with perhaps thinking of moving out of the city. Their tax dollars would move from the city and perhaps relocate in another area, or some other drastic measure to save some costs.

I really feel that if casino gambling were established here in the city of Windsor, it could perhaps take up some of that void left in other areas and would certainly mean more business to our company, which would result in more persons being put to work and as a result would of benefit to the area.

My presentation may be a little shorter, but I hope you're not disappointed at the end of a third day. That's about all I have to say.

**The Chair:** Thank you very much, Mr Fry, for your presentation. We have seven minutes per caucus for questions.

**Mr Callahan:** I particularly like the idea of some talk about the airport here being enlarged to bring in the traffic that usually is required in terms of distances in excess of, say, three hours to get here. It's interesting that in the United States you can fly from Midway in Chicago to the Detroit City Airport for, I think, in the neighbourhood of about \$40, if I'm not mistaken. I know they did have a round-trip airfare of \$108 out of their US—if you tried to fly from Chicago to Toronto, it'd cost you very much more than that.

With your type of service, if a casino operation were here, in terms of people coming from, say, Chicago or points west, they'd be able to fly into places like that and be picked up by a bus service of yours and brought over here at a very much lower cost than the traditional cost of flying even to Las Vegas. It would eliminate the necessity for having to have a major airport expansion, for which, of course, the feds don't have any more money than the province does.

I like the idea. I understand there's also going to be some type of shuttle service from points to avoid the congestion of parking in the downtown area and so on. I think it provides a number of services. I like the idea of that and I'm glad to hear that you do have those types of licences to be able to operate under those circumstances.



**Mr Fry:** Yes. I might add to that. When we started operating into the Detroit metropolitan airport, much like many of the city's airports, it's a service that you have to have approval for from the Department of Transportation. A company in Detroit holds that. We're a subcontractor to that company, so we have full authority under their operating authority as a subcontractor to provide that service.

1640

**The Chair:** Mr Carr.

**Mr Carr:** Thank you very much. I appreciate your presentation. You mentioned I think the figure was 13 buses going down to Atlantic City. When was that?

**Mr Fry:** I mentioned that as a part of what our charter operation was involved in providing. We did at one point—it's about two years ago or three years ago—transport 13 busloads over the course of one weekend. There were various departures involved from Thursday through to Sunday. They all went to Atlantic City for gambling.

**Mr Carr:** Was that a particular group or—

**Mr Fry:** No, I think many of them bought their fares individually. We operated it for a travel company. They rode the buses all night to go down there to gamble all day, so I think people will travel to gamble.

**Mr Carr:** There's some feeling that as people are gambling, they get to know more of how to do it and so on and it actually increases the gambling. Do you think that will kill some of the business going down there or do you think this will enhance it, that people will go here and then go down there and just do more of it?

**Mr Fry:** I've never been to Atlantic City, and from what I can understand about it, the focal point of Atlantic City is the boardwalk and the gambling and if you're going there for gambling, why would you ride the bus all night if you could do it locally? I guess that's my own personal opinion of it. I would think it would reduce the volume of persons travelling, and we operate out of Detroit as well, the metropolitan area of Windsor and Detroit. Why would they ride all night when they could have the opportunity to do so locally?

**Mr Carr:** But obviously, financially it's better for you to have it here than to lose—you wouldn't mind losing some of the 13?

**Mr Fry:** Well, that's a revenue-means-producing force as well, the charters, but it hasn't been as big a draw of late as it was at the one time.

**Mr Carr:** Obviously, people would—most of it to Vegas is flying. Are you familiar with how many excursions go down there? You might know.

**Mr Fry:** I'm not familiar with numbers. All I know is that we operate some charters for agencies which have planned trips to Vegas. We take them to Metro; they fly out and we pick them up and they return. Some of the riders on our service to Metro airport, on an

individual fare basis, we know are also going down there. That's from word of mouth in them saying to the driver, "Oh, I had a good weekend in Las Vegas," or something of that nature.

**Mr Callahan:** What do they say on the way back?

**Mr Fry:** Some of them come back disappointed and some come back happy.

**Mr Callahan:** I hope they pre-paid their fare.

**Mr Fry:** But it's a popular destination.

**Mr Carr:** Thank you very much, and good luck.

**The Chair:** Do you have more comments? Mr Duignan?

**Mr Duignan:** I think you've yet again proven the point that there is a demand for a casino here in the Windsor area. Do you anticipate that when the casino opens here in Windsor, you will be, for example, running charters from Toronto to Windsor on the same basis as you do charters down to Atlantic City?

**Mr Fry:** Currently, we don't have a licence to operate out of Toronto, but the area I did mention to you which includes Kitchener, Waterloo, Brantford, and from Owen Sound that line down through to the lake, yes, we anticipate that there will be a need by persons for transport, whether it be one-day or weekend trips to come to this area.

**Mr Duignan:** You have no idea of the numbers—

**Mr Fry:** I'm sorry, I don't at this time. I don't know the numbers.

**Mr Duignan:** It proves another point and that's been something that's been repeated quite often in the last number of days, that a casino here in Windsor is just a catalyst to economic opportunities here in the Windsor area, for expanding existing businesses, bringing in new businesses to cater to the expected tourists coming in, bringing in again new businesses to expand the range of entertainment activities in this area here, revitalizing the downtown core.

What's happening here, as we said or what the minister has said, is that a casino isn't the be end-all and end-all. It's a catalyst and it's a tool for economic revitalization of the Windsor area and gives that catalyst to start building up new businesses and start re-employing some of the people who have been laid off in this particular area, and in the long run the revenue from the casino will also benefit the people of the province.

**The Chair:** Thank you very much, Mr Fry, for making your presentation today.

We have some committee business that we need to deal with. Just for the interest of the members, if you've got your revised agenda for tomorrow, we will be finished here tomorrow at 1 pm. For those of us who are flying out and catching the planes, we have taxi pickup at the hotel front door at 1:45 pm. There will be two taxis available. They are mini-van taxis.

If in the morning you would like to check out early, there's a place for you to store your luggage in a holding room; all you have to do is see the bell man or the porter for that.

Now we have something quite important that we do have to deal with. That is the fact that in Sault Ste Marie—I'm sorry that Tony Martin isn't here right at this moment.

*Interjection.*

**The Chair:** Yes, would you please?

We have had no further people requesting to attend our committee in Sault Ste Marie, therefore the second day is still vacant, and on the first day we only have presenters until 2 pm, which would be until 2:30, I guess. So I'm in the hands of the committee as to what you think we should do with regard to—

**Mr Kwinter:** Is that on a Monday?

**The Chair:** The first day is a Monday, yes.

**Mr Kwinter:** Is it possible to move everybody to Tuesday so that we don't have to be away the Monday and then kill some time to go to Ottawa on the Wednesday? if we could move everybody on Monday to Tuesday we can then go Tuesday and then go on to Ottawa.

**The Chair:** Tony, I'll just let you know that we've had no further applications to attend in Sault Ste Marie. That means that at this point in time, Tuesday is still not required. We still have indeed five places on Monday that could still be filled at this point in time. I just wanted to let you and all members of the committee know that. I'm asking now what the committee members would like to do.

Mr Kwinter has asked, is it possible to move all the attendees one day farther down the calendar so that we—

**Mr Duignan:** In relation to that, I wanted to ask a question of the clerk of the committee. I notice in Ottawa all the time slots are full and I was wondering, is there a waiting list of people in Ottawa?

**Clerk of the Committee (Ms Tonia Grannum):** We've got four people on the waiting list.

**Mr Duignan:** Four people on the waiting list in Ottawa, so would there be a need to expand the time down in Ottawa?

**Mr Dadamo:** That's what I was thinking.

**The Chair:** I'm in the hands of the committee. It's whatever we collectively decide to do. Any good advice or any advice at all, for that matter, I'm willing to hear.

**Mr Carr:** Why don't we go out of the Sault on the Monday and schedule some for Tuesday? We could go out of the Sault on Monday after the presentations are finished and then expand it on Tuesday in Ottawa, unless Tony knows of anybody else who's coming.

**Mr Martin:** All I can say is that we're working on

some other folks. I'm in contact with the economic development corporation. I told them yesterday and this morning that we had extended the deadline. One more came in, and I believe they've got a few more they're trying to help in preparing some briefs, but I know we can't put this off for ever. We still have a week before that happens, if you would maybe give us just a couple more days.

**The Chair:** I'll make the suggestion and see what people think. If we should go to Sault Ste Marie on Monday and there are some additional people who would like to attend and they can fill in later in the afternoon on Monday, if we stay in Sault Ste Marie Monday night—is that the plan at this point in time?

**Clerk of the Committee:** Yes.

**The Chair:** Then if we could get to Ottawa in a timely fashion on Tuesday, we could meet some people in the afternoon.

**Mr Martin:** My really strong wish, and I don't know how the rest of the committee feels, but I would personally really like just to have you see the operation in Sault, Michigan. It is quite impressive and for an isolated area very, very successful. The economic development corporation is working on making arrangements to have everybody go over and have a look and meet some of the folks who run the place so you can ask them some questions.

**The Chair:** Can we do that in the evening on Monday?

**Mr Martin:** Yes, if we stayed overnight.

**The Chair:** That wouldn't interfere with the plan I've suggested.

**Mr Martin:** That's right.

**The Chair:** Is that something the clerk can manage?

**Clerk of the Committee:** Yes.

**The Chair:** Okay. Well, if everyone agrees with that, we'll do that. Hearing no objections—

**Mr Kwinter:** I'm sorry, what are we agreeing to here?

**The Chair:** What I suggested was this: Because there apparently are a couple of more presenters that would like to speak, although they haven't contacted the clerk at this point in time, I suggested that we continue with the plan as it's laid out here and go to the Sault for Monday. We will have a couple of more people, I suspect, in the afternoon. Tony has suggested that arrangements are being made for us to do a tour of the casino in Sault, Michigan, Monday night. Tuesday we can leave early in the morning and we can meet some of the demand in Ottawa by putting some people on the schedule for Tuesday afternoon in Ottawa.

**Mr Kwinter:** Can I suggest that you're leaving yourself wide open to some interesting comment in the media about a parliamentary committee going out to a



casino in the United States at public expense? I think you're going to have a few little problems with that kind of perception.

**Mr Martin:** I'm not talking public expense, Monte, I'm talking the economic development corporation of the city of Sault Ste Marie extending an invitation to individual members who can go if they so choose. It's not anything that this group is formally organizing or setting up, but it's something that I've talked to the economic development corporation of the Sault around them doing, and they certainly would be agreeable, because they'd like us to see it.

**The Chair:** It's our choice then.

**Mr McClelland:** I think the best I can say at least at this point in time as critic is that we appreciate the extension of the invitation as individuals and we'll leave it at that for the time being. I share the sentiment wholeheartedly with Monte.

**Mr Martin:** Yes, and so do I.

**Mr McClelland:** I want to make it very clear that our position as opposition is that we would not be prepared to go as part and parcel of the committee.

**Mr Martin:** That's right.

**Mr McClelland:** It would be individual and personal invitation that would be involved. Leave it in that light.

**Mr Callahan:** If I could just add something to this, I have been there. My recollection is that there are no slot machines in that facility, or blackjack tables.

**Mr Martin:** Are slot machines the one-armed bandits?

**Mr Callahan:** Yes.

**Mr Martin:** Yes, there's lots of them. There are. I was there once.

**Mr Callahan:** Have they just recently done that, because we were there, I guess—

**Mr Martin:** They've had three expansions in the last year, I guess, and one of them was to open a whole floor of slot machines.

**Mr Callahan:** Otherwise I couldn't see any real reason for going. All you're going to do is—no, no, no, no, don't get the wrong impression. But all you're going to see is tables, and anybody who has been to a charitable operation would see the tables, but if there are slot machines—

**Mr Martin:** It's quite an impressive facility, Bob, and we're trying to also have you meet some of the folks who run it and also to show you the benefit that it's been to the community, the native community.

**Mr Callahan:** It's run by a native reserve, isn't it?

**Mr Martin:** Yes, it is. It's just been a tremendous boost to their own personal economy and the kinds of things they've been able to do as a community for their people and I think it would be important to see that. Another piece is to see Sault, Michigan, itself and the impact it has had on that community in terms of the streets, the question of crime and all that kind of thing. It's negligible, and it would be interesting for you to see.

**The Chair:** I just want to interject and say with regard to the scheduling that I suggested, there wasn't any outstanding negative comments, so I suggest then that that's okay with everyone?

**Mr McClelland:** I don't see a problem, but I would ask that perhaps the clerk could give us something a little bit more definitive, and I think, in fairness to her, that we say subject to. I'm sure that's understood. As a courtesy, I think we should make sure that it's understood that that's subject to not making her life miserable and—

**Mr Lessard:** More miserable.

**Mr McClelland:** More miserable—thank you, Mr Lessard—than it already is.

**The Chair:** Yes, I asked her that.

**Mr McClelland:** Thank you, Mr Chair.

**The Chair:** This meeting's adjourned until 9 o'clock tomorrow morning.

The committee adjourned at 1654.







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## STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

**\*Chair / Président:** Johnson, Paul R. (Prince Edward-Lennox-South Hastings/  
Prince Edward-Lennox-Hastings-Sud ND)

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Cousens, W. Donald (Markham PC)

Jamison, Norm (Norfolk ND)

**\*Kwinter, Monte** (Wilson Heights L)

**\*Lessard, Wayne** (Windsor-Walkerville ND)

Mathysen, Irene (Middlesex ND)

North, Peter (Elgin ND)

Phillips, Gerry (Scarborough-Agincourt L)

Sutherland, Kimble (Oxford ND)

*\*In attendance / présents*

### **Substitutions present / Membres remplaçants présents:**

Abel, Donald (Wentworth North/-Nord ND) for Mr North

Callahan, Robert V. (Brampton South/-Sud L) for Mrs Caplan

Dadamo, George (Windsor-Sandwich ND) for Mr Jamison

Duignan, Noel (Halton North/-Nord ND) for Mr Sutherland

Eves, Ernie L. (Parry Sound PC) for Mr Cousens

Martin, Tony (Sault Ste Marie ND) for Mr Wiseman

McClelland, Carman (Brampton North/-Nord L) for Mr Phillips

Mills, Gordon (Durham East/-Est ND) for Mrs Mathysen

### **Also taking part / Autres participants et participantes:**

Mundy, Jim, member, Ontario casino project, Ministry of Consumer and Commercial Relations

**Clerk / Greffière:** Grannum, Tonia

**Staff / Personnel:** Murray, Paul, research officer, Legislative Research Service

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## Assemblée législative de l'Ontario

Troisième intersession, 35<sup>e</sup> législature

# Official Report of Debates (Hansard)

Thursday 19 August 1993

# Journal des débats (Hansard)

Jeudi 19 août 1993

Standing committee on  
finance and economic affairs

Comité permanent des finances  
et des affaires économiques

Ontario Casino Corporation Act, 1993

Loi de 1993 sur la Société  
des casinos de l'Ontario

Chair: Paul R. Johnson  
Clerk: Tonia Grannum

Président : Paul R. Johnson  
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## STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Thursday 19 August 1993

The committee met at 0902 in Cleary International Centre, Windsor.

ONTARIO CASINO CORPORATION ACT, 1993  
LOI DE 1993 SUR LA SOCIÉTÉ  
DES CASINOS DE L'ONTARIO

Consideration of Bill 8, An Act to provide for the control of casinos through the establishment of the Ontario Casino Corporation and to provide for certain other matters related to casinos / Loi prévoyant la réglementation des casinos par la création de la Société des casinos de l'Ontario et traitant de certaines autres questions relatives aux casinos.

**The Chair (Mr Paul Johnson):** Order. I'm calling the standing committee on finance and economic affairs to order. This is our fourth and final day in the beautiful city of Windsor.

CONVENTION AND VISITORS BUREAU OF  
WINDSOR, ESSEX COUNTY AND PEELE ISLAND  
CASINO-TOURISM TASK FORCE

**The Chair:** I'd like to welcome Margaret Williams, chair and councillor representing the Convention and Visitors Bureau of Windsor, Essex County and Pelee Island and the casino-tourism task force. You have someone else seated with you, obviously.

**Ms Margaret Williams:** I believe you've met Jonathan Deneau before, who's the manager of the tourism convention bureau, and he will be just here as a resource.

**The Chair:** You have 30 minutes for your presentation. You may use all of that for your presentation or save some time for questions. Would you like to proceed.

**Ms Williams:** I don't intend to use the full 30 minutes. I think you've probably been bombarded with enough information as it is. I will try to be as succinct as possible.

I speak to you today as both a councillor of the city of Windsor and as the chair of the board of the directors of the Convention and Visitors Bureau of Windsor, Essex County and Pelee Island. I'm also the chair of the casino-tourism task force formed by the bureau and city council to ensure that the tourism industry is well positioned and prepared to maximize the benefits of a major tourist attraction in Windsor.

First, as a city councillor who has had direct communication on a regular basis with the province's casino team, I am pleased with the methodical and workmanlike, or should I say workpersonlike, way that it has addressed the Windsor casino project. I'm not concerned about the delays and length of time it has taken and will

take to have the interim and permanent casinos up and running. This is an indication that the province and the city are determined to do it right, something that was not done in other jurisdictions such as Atlantic City. Windsor, after all, is a pilot project and will be the model for future casino developments in Ontario.

I share some of the concerns of the Ontario Restaurant Association, particularly regarding the potential subsidization of food and beverage within the casino as is common in US casinos, and I endorse its request for an extension of the hours of operation for licensed establishments to provide flexibility in catering to the needs of the casino patrons.

I'm pleased, however, to note the protection implied in the Request for Proposals for the Windsor Raceway, which is already an important contributor to the tourism, employment and tax base of the area and the province.

As you have heard from the bureau's general manager earlier in the week, Windsor is already a viable destination for US tourists. They perceive Windsor and Essex county as foreign, friendly and, above all, safe. I can guarantee that we will remain foreign and friendly and I believe that the provincial government and our police department are committed to ensuring that the level of safety is maintained not just for visitors but for the residents of Windsor.

In addition to my earlier comments in support of the Ontario Restaurant Association recommendations and my support for those also put forth by the mayor, I would strongly urge that consideration be given to requiring the successful operator to commit to working with the municipality in attracting overnight visitors in addition to the lucrative day-trip market.

I would now briefly like to outline for you the planning exercises that have been ongoing and are indicative of our commitment to making the casino work and benefit the entire community.

In December 1992 the board of directors of the convention and visitors bureau commissioned the bureau administration to complete a five-year strategic plan in response to the advent of casino gaming. In July 1993 the board adopted a strategic plan which set five overriding goals for the bureau and 11 major recommendations for responsible change to achieve these goals.

I will not go into any detail of the plan as it currently sits with city council. I will, however, read to you the primary goal of the bureau over the next five years: "To ensure that the bureau is capitalizing on the opportunities provided by the casino facility to the benefit of the tourism industry as a whole."



The second major project in progress that I would like to inform you about is the casino-tourism task force, and as I mentioned, it was initiated by the bureau and completely endorsed by city council. The task force was established in the spring of this year with a mandate "to ensure that the region's tourism industry is prepared to maximize the long-term benefits of the casino facility located in Windsor's central business district."

The task force is composed of representatives of seven organizations with a vested interest in the success and spinoff benefits of the casino, and these are the downtown business association, the chamber of commerce, the Windsor-Essex County Development Commission, the Ontario Restaurant Association, the downtown hotel association, the Canada Employment Centre and the convention and visitors bureau.

Each organization has appointed a representative and an alternate, and it's some measure of the support given to the task force that many of the alternates are attending the meetings as observers. I think that's kind of rare in a committee.

The task force initially identified 28 key issues that impact on the visitor's experience. These issues range from the obvious, creating a pleasant environment through beautification and business upgrading, to the less obvious, such as the need for more public washrooms, particularly in the downtown area. The full list of these issues is attached for your information.

The task force has identified and is communicating with those departments and organizations best equipped to address these issues and has identified four areas that it will carry forward itself, because of their importance to the long-term health of the local tourism industry and the creation of jobs.

Four working groups have been formed. The first, led by the downtown business association and involving other business improvement areas and the restaurant association, is dealing with the establishment of a fair and consistent US exchange rate. This has been identified as a major cause of visitor complaints.

0910

The second working group, chaired by myself and including representatives of the restaurant association, the police department, parking enforcement officers, Canada Customs and the downtown business association as well as the hotel association, is addressing the distribution of information to tourists so that once they get here, we can achieve the spinoff benefits by sending them to other tourist attractions and so on.

The third working group, led by the development commission and including bank representatives, the chamber of commerce and the Windsor Construction Association, is exploring the upgrading and expansion of businesses and the financing of these projects.

The fourth working group, led by Employment and Immigration Canada, is working towards a mass customer service training initiative involving all segments of the tourism industry, from busboys to taxi drivers and from sales clerks to police officers. We are currently advertising for proposals from organizations with experience in customer service training.

These four working groups will present their proposals to the task force in September. These will be incorporated into a comprehensive, planned campaign, following the announcement of the casino operator in the fall. We intend to invite the successful operator to appoint a representative to the task force.

We're confident in the tourism industry that this unprecedented planning and preparation will ensure that the entire region benefits from the casino project and that the casino patrons will benefit from a positive experience while visiting our area and then will return.

Company's coming and the tourism industry, hotels, restaurants, attractions, retail stores and everyone who comes into contact with visitors is preparing to put out the welcome mat. I'm delighted with the response of the tourism industry to the opportunity that the casino presents. The cooperation and enthusiasm has been overwhelming. Windsor businesses are not just sitting still and waiting for casino patrons to stroll in. They are prepared to join together as a team to look critically at their businesses and initiate changes to prepare for the anticipated opportunities. Windsor will be ready.

I welcome any questions or suggestions that the committee might have.

**The Chair:** Thank you very much. We have approximately seven minutes per caucus. We're going to start with Mr Kwinter.

**Mr Monte Kwinter (Wilson Heights):** Thank you very much. I'd just like to get an explanation of the problem that seems to be identified with the business of exchange rates. Is that where different merchants offer different exchange rates, or is it a problem with the general exchange rate that you have no control over?

**Ms Williams:** No, it varies from business to business. Some businesses don't give any credit on the US dollar. These are very few. Some may give 10 cents on the dollar when they should in reality be giving close to 30 cents on the dollar. This is a business decision that we really, up to now, have no control over.

What we're finding is that the casino is a catalyst for change. We're trying to impress—and I think that businesses understand—if they don't give a fair exchange rate to their customers, they're not only hurting their own business, because those customers won't return; they're hurting every other business in Windsor, because it doesn't take a lot for visitors to decide that they don't want to come back to Windsor or they don't want to come back to Toronto. One bad

experience sometimes will put them off.

What we're finding now is that there is a real willingness among businesses to come together. We're looking at some kind of a program whereby visitors can identify those businesses that will give them a fair and consistent exchange rate, and that exchange rate we will probably post from week to week.

**Mr Kwinter:** So it's your plan to really have a universal exchange rate that's applicable to everybody in the hospitality business?

**Ms Williams:** That's right; those who choose. We certainly can't enforce it.

**Mr Kwinter:** No, I know you can't enforce it. It's going to be a recommendation. But I'm sure that if you do publicize it, it's going to put a lot of pressure on them, because the tourists will say: "How come? This isn't right."

**Ms Williams:** That's exactly the point.

**Mr Kwinter:** Another issue has not been discussed, and I notice it happens in certain jurisdictions, have you given any thought to the idea of the use of the casino chips as currency outside the casino?

**Ms Williams:** It hadn't occurred to us and I don't know whether we're legally able to do that.

**Mr Robert V. Callahan (Brampton South):** You could have Windsor dollars.

**Ms Williams:** Pardon?

**Mr Callahan:** There was a suggestion about Windsor dollars, where they would—I'm sorry.

**Mr Kwinter:** No, go ahead.

**Mr Callahan:** —get 125 Windsor dollars for 100 of these, instead of cash, and they could use them to spend in the community. That was suggested by—

**Ms Williams:** That's certainly a good idea.

**Mr Callahan:** That's not my idea; that was suggested by someone—

**Ms Williams:** We're glad of any suggestions. We're receiving suggestions all the time from people who live in Windsor, from people who are visiting Windsor, and certainly we'll add that to the list as a possibility to explore.

**Mr Callahan:** If you don't mind, I want to follow up on that. There's been some concern, at least expressed by myself, and I'm hoping the government will pick it up, about the question of whether they will have gambling in both currencies as opposed to changing from US to Canadian, because of the possibilities of laundering of money, particularly with the closeness you are to the United States and the ease to get back across the bridge again.

If that happened, it would be imperative that the exchange rates in each store be fair. It might also be imperative that you have something like this Windsor

dollar because that might create a problem. If they've got US dollars and they're getting ripped off, you're not going to get them buying out of the stores very long.

**Ms Williams:** That's exactly right and it affects everybody, not just the store that does that.

**Mr Callahan:** It was also suggested yesterday by Fred Upshaw of OPSEU, and I must say it's given me food for thought, about the question of the government running the whole operation to ensure that there's no possibility, whether it be actual or whether it just be perceived, of a perception of the public who gamble there that there might be something funny going on.

**Ms Williams:** Do you mean the day-to-day operations?

**Mr Callahan:** Yes. It wouldn't make any difference to your convention bureau, I wouldn't think.

**Ms Williams:** It's kind of outside the scope of the bureau, but certainly, as a city councillor who has been working with the provincial team, I think we're quite comfortable with the fact that a private operator will be operating it. I don't know of anybody in the government who is capable of running the day-to-day operations of a casino such as this.

**Mr Callahan:** They run a casino every day.

**Mr Gary Carr (Oakville South):** They also run a big deficit.

**Mr Callahan:** Thank you very much.

**Ms Williams:** You said that.

**Mr Gordon Mills (Durham East):** Let's keep politics out of this today.

**Mr Callahan:** Oh, sorry, Gord.

**Mr Carr:** Just for the record, I don't want the government running it. I've seen other areas: You pick up the health card fraud, the Workers' Compensation Board, all the problems. I tell you that I think the private sector could do a much better job, for the record.

I'm interested in the marketing aspect of how you're going to do it. Are the bidders going to be doing the bulk of the marketing dollars in the US, and you're going to complement that? Are you that far? Do you know how it's going to work? I'll tell you why. I think, as you realize, you've got a lot of Americans across the border who know about you, but to really target some of the big dollars in places like Chicago and that, they don't know anything about Canada, Windsor, whatever. Their lack of knowledge about—

**Ms Williams:** You're wrong there. We already get a lot of visitors from Chicago.

**Mr Carr:** No, but I'm telling you, if you think that with Americans you're going to open up a casino and they're going to flock here, from a marketing standpoint, I think you're wrong. You have to spend the dollars to get them.



**Ms Williams:** Right.

**Mr Carr:** Will it be you doing that in conjunction with the successful bidder, or is the bidder going to do the bulk of the marketing?

0920

**Ms Williams:** Like any other tourist attraction in Windsor and Essex county, the organization is responsible for its own specific marketing. We will not be marketing the casino per se. However, what we do in the convention and visitors bureau is a lot of co-op marketing. This will also impact on our group tours, which is a growing market that we have, bringing in the bus tours and so on. We can certainly be of help there, but as for the actual marketing of the casino itself, they will be responsible for that and we look forward to working with them and co-op marketing.

For example, we currently have a \$250,000 campaign that's running in the Detroit area to try and bring people to Windsor, on TV, magazines and billboards which has been the most successful campaign we've ever had. And 40% of that money is coming from the private sector and the rest is coming from—partly we have some government grants.

**Mr Carr:** What is the total budget that is spent on marketing in a year?

**Ms Williams:** From the bureau?

**Mr Carr:** Yes.

**Ms Williams:** About \$700,000.

**Mr Carr:** Do you plan to increase that substantially?

**Ms Williams:** What we're looking at is to try to increase membership in the bureau, to get more private sector involvement, and certainly we get back to the fact that the casino is a catalyst for this. I think our successful campaign this summer is certainly going to encourage a lot more people to come in. As we get more private sector dollars, I can see we can increase our budget.

Frankly, I'm not holding my breath that we're going to get very much more money from the municipality or from the province, but if we see the returns coming, as we certainly will with the economic impact of the casino, I think it makes sense for governments to put money on to this.

**Mr Carr:** Because \$700,000 is a fair amount of money, but in terms of marketing to even the surrounding US, there are a lot of other cities in the United States that because of their size spend a lot more than that. I would suggest to you the markets have casinos—my suggestion would be, and I'm sure whoever gets a successful casino is going to incorporate Windsor in it, but it seems to me they're going to have to be the ones who put the dollars into it and then incorporate some of the fine work that you're doing. I really want to stress this point: I think, maybe because my background is in marketing, that a lot of people think you open a casino

and everybody in the US is going to know it's there and flock there. You really have to market it, and you're right, we do have advantages of a safe city and many assets, but they're only assets if the Americans know about it.

My next question relates to the convention business. What do you anticipate, and maybe you could just talk about percentage increases, in the number of conventions coming, because that's a big market. Do you have any idea? Could you say that we're going to increase it 20% because of now having a casino? Is there any percentage increase?

**Ms Williams:** I'm sure it will have an impact, but it'll be a long-term impact. Conventions are usually booked two, three, four, five years ahead. In fact, I think we're booking some for 1999 now. So it will sort of a delayed reaction, but perhaps Jonathan could answer if he has any ideas of percentage increase.

**Mr Jonathan Deneau:** I believe that question was asked to us the last time we were here a couple of days ago and the answer we gave then was also that we don't, at this point in time, want to make any specific prediction.

We feel that it could have an impact as high as a 50% increase in the current level we have right now, but in addition to the convention business, we see even more potential in what we call the small meetings business, and that would be meetings under 100 that typically are being held predominantly in suburban Detroit hotels. In that area, we feel we're going to attract a lot of it over here. It's even beyond the convention business.

We're in the process now of trying to determine exactly what potential is out there. There's the problem that we need to have the hotel rooms etc and the convention space to be able to increase it by 50%.

**Mr Carr:** How are you finding competing? I mentioned last time to some people that Toronto's had a difficult time because of the high cost. Conventions comes in and then there are various things, whether it's the dollar or whatever. People come and they say, "This is a real expensive city," and they never book again.

One of the fears I have is that with all the other problems out there, the casino might not have as big an impact because convention business is down worldwide, even though we may be getting more of a share. Is there anything else the provincial government should be doing to assist you in helping to ensure that you can get some of the convention business? I'm thinking of taxes on liquor and different things like that.

**Mr Deneau:** We have had meetings. On Monday in fact the Ontario Ministry of Culture, Tourism and Recreation task force was in Windsor, and one of the things that was indicated very strongly was that tourism is being negatively affected by a number of things that

are being done by the other arms of the government, specifically with respect to what was called both overt and covert taxes on tourism, that being the actual GST-PST combination, which makes it quite expensive, but also the inherent taxes on alcohol, on gasoline and on other products that are basically consumed in quantity by tourists.

One of the recommendations at least from the south-western Ontario region was that there needs to be some discussion between the Ontario Ministry of Culture, Tourism and Recreation and other areas, saying, "These are the things we need to do in the province to make it much easier to attract tourists." It isn't always just marketing. Marketing is extremely important, but we also need to change a few infrastructure things.

**Mr Carr:** Thank you very much and good luck.

**Ms Williams:** If I could just add, as far as the PST and the GST are concerned, businesses in this area are used to and are aware that they can get a refund, but the provincial government has just excluded the refund of the PST, which seems to be contradictory to the process of trying to increase tourism. That's just an editorial comment.

**Mr Carr:** Did they say anything in the meetings about any changes with that?

**Ms Williams:** I'm sorry?

**Mr Carr:** Did they say in the meetings with the Tourism ministry about any changes with that? I know we've been fighting hard, because it does affect particularly border towns. Did they say they're going to talk to the Minister of Finance?

**Mr Deneau:** We're in the working group stage. It's a huge strategy that's involving about 500 to 600 tourism businesses and organizations. What the members or the representatives from southern or south-western Ontario were to do is take this to the steering committee in Toronto. They'll take our comments, but the comments were meant to be taken to the steering committee, which will then put forth the recommendations, hopefully in October of this year.

**Mr George Dadamo (Windsor-Sandwich):** Margaret, in my life before politics, as you know, I spent almost 20 years in radio, and a lot of it locally. I think the second most exciting aspect of this whole process, once everything is on the road to beginning, is the selling of the casino internationally and getting the word out.

I know Mr Carr spent some time with you talking about the media blitz and things like that. I just wanted to be a little bit more specific and ask you the ideas as to how to get the word out, the packaging that you're going to do. How soon will a media team be put together? How do you see selling a Windsor casino to somebody down in Texas or Mississippi, where there are casinos already? Are there areas that you're not

going to go into? Are there areas that are a preference that you want to go into? I think Gary was on—there are places that don't know we exist. It will be a couple of years even though the casino is in full gear and operating. There will be people who still won't know where we are.

**Ms Williams:** Our main focus as a bureau has been in the Great Lakes states surrounding us: Illinois, Ohio, Michigan and Indiana. Those states we have, over the last few years, marketed quite consistently. They certainly are aware that Windsor exists. As far as the marketing is concerned, I get back to the fact that the marketing of the actual casino will be done by the casino. Part of the Request for Proposals includes a marketing plan that they have to put together. The easiest way for them to get people into this casino is going to be advertising in Detroit. We're going to get the day-trip market. I don't want to downplay the day-tripper. They are very important to Windsor's economy. Most of our visitors are day-trippers.

But where we're going to get the long-term viability for our restaurants and our hotels is in the overnight stays. That's going to require a little more expenditure for them. Maybe they can fill the casino with people from Detroit, but it's the people from further away who are going to really be of benefit to the tourism industry in Windsor.

0930

**Mr Dadamo:** Tell us if you can—and I know it's a long way off, but still we're here and we're having a one-on-one conversation and I'm interested in what kind of a package you would put together. I hope, certainly, if you're putting videos together, that they'll be manufactured and produced in Canada. I know the convention visitors' bureau does a marvellous job of selling the city 365 days out of the year, because you have to do that, and you're marketing Pelee Island etc. What does the package contain? You're going to be dealing with people who don't know where we are.

**Ms Williams:** I'm going to pass this over to Jonathan, who's dying to respond to you.

**Mr Deneau:** First and foremost, we had told you—and I've been here for a number of presentations—the phenomenal market we have on our doorstep, so we have to consider that. We have said that the provincial government made an excellent decision in locating the casino in Windsor, due to our proximity to the huge population centres located within even five or six hours of here, so it would really not be prudent for us to focus on areas beyond that, because that's such a vast market. Our dollars are much better spent within the Great Lakes region.

As far as a package, there are three different markets that we have to talk about: There's a leisure market, there's a group tour market and there's a convention market, all of which require three different sorts of



packaging. Leisure, which will have the most significant impact, is—really what we're going to be doing is folding the casino as an attraction into the numerous other things we have to offer, because our goal here is to use the casino to get people to not only go to it and patronize it, but to do the many other things, like go to Pelee Island. So the package is really going to expand.

We are not going to present ourselves as a casino-only destination, and certainly there's one specific area that did that and it's—not backfired, but they certainly haven't benefited from it. We want to take the casino and say the casino is part of a bigger picture. We also want to at least get to those people who are going into the casino and tell them all the other things to do. One of the things in our strategic plan which we're hoping to do—and again, this is still with city council—but it is to have a presence in the casino. We want to be able to get every patron or every customer who walks in that casino, to expose them on the other things there are to do in this area, so they either do it while they're here or they come back. We're hoping that people will have an understanding and receive information on all the other amenities and facilities that we have and, hopefully, one person who comes will come back a week, two weeks or a month later with three or four people.

**Mr Dadamo:** You may want to have a flashing board with those—I know it sounds funny, Wayne laughs at almost anything—events of the day in the area, for example; there are a lot of things you may want to look at. As I mentioned, the previous life that I had, we were always dealing with demographics and people who—

**Mr Deneau:** We're very interested in having people contact, too. We want the people in our industry to be able to talk directly to the patrons, to sell them on the other things to do, too, in addition to what you just recommended.

**Mr Dadamo:** Okay, I know Wayne wanted to ask some questions.

**Mr Wayne Lessard (Windsor-Walkerville):** Thank you very much, Councillor Wisdom.

**Ms Williams:** Williams.

**Mr Lessard:** Williams, sorry. I want to congratulate the convention and visitors' bureau for all the hard work they've been doing to prepare to roll out the welcome mat. Last night on television I saw a story about the preparations being made in Victoria for the 1994 Commonwealth Games and couldn't help but think that the preparations they're doing we would have been doing here in the city of Windsor had we been more successful in our efforts, but this does provide us the opportunity we were hoping for then.

When we're talking about visitors to the city, we're talking often about people from Michigan and we're talking about young people from Michigan, and this is

an issue that's come up on previous occasions. I wonder if you had any thoughts about the age restrictions with respect to gambling in the casino?

**Ms Williams:** Yes, I certainly do. I concur with the comments the mayor has made and we've consistently said that we would like it to be 21. The reason for this is that the drinking age in Michigan is 21 and we tend to get a lot of 19- to 21-year-old young people over here. While we welcome the majority of them who are well-behaved and who patronize our restaurants and our bars, there is a minority who tend to be rather rowdy downtown. I think, if the age limit in the casino were 21, it would certainly deter those people from coming over here.

**Mr Lessard:** Mr Callahan had asked you about gambling in two currencies. I don't know whether you addressed that specifically, but is that something you would encourage us to provide for?

**Ms Williams:** I really have no comment on that. I'm not really familiar with how that would work.

**Mr Callahan:** You're not into laundering.

**Ms Williams:** No, I—

**Mr Lessard:** Because we do permit that in bingo and they do that at the horse racing track as well now.

**Ms Williams:** I think that would depend on the casino, the commission that's being set up and what kind of regulations they put in. I certainly don't have the background to comment on that.

**The Chair:** Thank you very much for presenting before the committee today.

#### ST CLAIR COLLEGE OF APPLIED ARTS AND TECHNOLOGY

**The Chair:** Our next presenter is Mr Phil Hale, vice president, training and partnerships, St Clair College. If he would please come forward and make himself comfortable. Welcome, Mr Hale; you have 30 minutes for your presentation. If you would please proceed when you're ready.

**Mr Phillip R. Hale:** My presentation will not take 30 minutes—at best probably 10, so there'll be ample time for you either to catch up or to ask questions as you see fit.

I'm here on behalf of St Clair College. I'm one of two people. Dr Owen Klein, who's the chair of our hospitality department, is also here and is slowly working his way up. What we would like to do is speak in favour of the concept of casino gaming in Ontario.

I'm going to draw some conclusions as they relate to Windsor and the relationship thus far between the college and the gaming activity. I'm going to pose a couple of questions of the committee which I would ask you to think about; not so much about the legislation, but probably with regard to the regulations which will ensure therefrom. Then I'd be pleased to answer any

questions you have vis-à-vis the relationship between the college training, general education and casino gaming in Windsor. So with that I'll begin.

I'm actually very pleased to appear before the standing committee to describe the efforts made by St Clair College to prepare for the arrival of casino gaming in Windsor. I'm sure that the activity which is currently under way underscores the college's commitment to ensuring that future casino operators and employees deliver a high-quality service to future patrons of Windsor's casino or casinos.

Since the announcement in March, the college has accepted contracts from the Ontario casino project team to develop curriculum in the areas of customer service, slot machine repair and blackjack dealing. Thus far, this has resulted in the training of blackjack dealers and, consequently, many of the charity Monte Carlo events, which currently exist in the city and elsewhere in Ontario, are benefiting from a knowledgeable, well-trained workforce.

In line with Minister Churley's comments, as identified in one press release, the proposed casino would be creating new job opportunities and stimulating economic development, especially in the tourism and hospitality industries. Once this became known, St Clair College responded immediately, under the auspices of Dr Klein, by expanding its hospitality programs in full-time and part-time areas. I want to underscore this because the infusion of a casino into a community has much more to do with lifestyle in the community than just gaming. The hospitality industry, the tourism industry, a vast number of support activities are all affected and, in my view positively affected, by the infusion of a business enterprise of that size.

As a result, the college has responded by expanding its hospitality programs in full and part-time areas and includes education and training in all facets of the hospitality industry. This includes culinary arts, food and beverage service, hotel management and travel/tourism. The first graduates of this new revamped full-time program will be available within two years at the approximate date of the opening of the permanent casino.

In the meantime, the college will continue to offer expanded career development courses in hospitality through continuing education for those currently employed or looking for upgrading opportunities. The full-time program hopes to have 80 to 100 graduates in two years and then thereto will continue producing 80 to 100 graduates each year thereafter.

To summarize some of the other activities which have taken place since the announcement of the casino: the college has undertaken establishing standards for casino training, development of a certification process as part of the dealer licensing process, establishment of a joint venture with the Canada Employment Centre designed

to train unemployment insurance recipients, has developed a separate standalone training centre just for casino operations and, beginning in August 1993, in conjunction with the dealing programs, will offer programs in both slot machine repair and slot machine service, both on the casino floor and in the back room.

Throughout this process, the college has maintained close ties with the provincial casino project team and the city of Windsor, with the result that a well-ordered training program is now an integral part of the proposed casino in Windsor. Future casino employees will be well-trained, will have their competence certified and will be skilled in all aspects of customer service.

Already, benefits begin to accrue to Windsor as a result of the proposed casino. Instructors have already been employed, as have those college trainees or graduates who are now working part-time at the charity Monte Carlo events. Rental of classroom space has injected cash flow into the Windsor economy and training of unemployment insurance recipients has provided improved employment potential for the residents of this area. By January 1994, between 250 and 300 dealers will have been trained and will be ready for casino positions. In addition, 40 students will be trained to service and repair slot machines.

If I could turn to the legislation and pose a couple of things: The preceding information has been provided by way of background to these hearings to demonstrate the college's support for and participation in the partnership. I would stress the partnership between the province and the city of Windsor, which will ensure high-quality gaming activity in Windsor.

In that context of a partnership, I'd like to pose two specific considerations regarding impending legislation or its subsequent regulations and procedures which the college is asking the committee to consider. First of all, could the gaming commission, once constituted, formally designate St Clair College—and you can read for that, if there are casinos in other centres, the community colleges in those centres—as the training agency of record in respect of casino employees? Secondly, could the gaming commission formally designate the college as the provincial agency providing certification as to technical competency for prospective casino employees, exclusive of jurisdiction in which the training is received? This would mean that training provided by other vendors, either in Ontario or elsewhere, would be evaluated through consistent competency testing established by the college and responding to a provincial standard.

In conclusion, I would observe that, to date, the college has received literally hundreds of requests for information regarding casino training opportunities. This activity has been well-publicized—when I say “this activity” I mean the training activity—in local and provincial media and, to date, not one complaint has



been received by the college objecting to the college offering training for the gaming industry. I would view this as an endorsement of this portion of college programming and I would anticipate that this training will continue to expand as the casino becomes part of the Windsor landscape.

Those conclude my formal remarks.

0940

**Mr Carr:** I appreciate your presentation. The government has said that the number of direct jobs created will be about 2,500. I guess you assume that to be correct, do you?

**Mr Hale:** It could easily be low.

**Mr Carr:** That's based on 75,000 square feet, so there may be some—

**Mr Hale:** I guess once you look at all of the suppliers that are going to feed into the casino and then feed into other businesses which feed the casino, the secondary and tertiary employment, full-time and part-time, in my view, could easily exceed the 2,500. In fact, I'm sure it will.

**Mr Carr:** Yes, they said it will go to 6,000, for a total of 8,000. Of that 2,500, what per cent would you figure would need training and what per cent could just walk in in low-skilled jobs?

**Mr Hale:** I think my sort of trade answer would be all of them should be trained, but it depends on the aspect you're talking about. This industry is totally driven by customer satisfaction and it's been our experience that through existing provincial programs or through private training an individual company asks for, almost all employees benefit by customer service training. So that will be required, I think, by all employees, low and top end—not only an initial shot, but then an ongoing commitment to it thereafter, which usually requires some continued training. So the human relations skills, everybody will require.

The actual direct employees of the casino: Certainly, the estimate range is between 300 and 400 dealers. Those clearly will have to be both trained and licensed. One of the issues we have is someone who has worked in Las Vegas who wants a job. Who does the testing to determine whether the competency is there at a provincial level? Sure, there's a certification process. There will be an upgrading process if it's required to meet the provincial standard.

**Mr Carr:** Will you have enough capabilities to have people trained to meet the opening, to have the 2,500 employees?

**Mr Hale:** In terms of the dealers, the answer is yes. In terms of such things as the law and security surveillance, chef programs, all of those things, there is actually a cadre existing in the city because those are line programs at the colleges. Probably the biggest push will be to ensure that everyone receives the customer

service training, but that will be an ongoing thing as the casino develops.

**Mr Carr:** Because my fear is, with it being a fairly new industry here in Ontario, that the successful bidder needs to get—on the date it opens, you can't say, "Sorry, we've got 200 dealers that are being trained and they don't graduate until January." Then there would be the potential to open it up, to bring people in from other areas, Manitoba or whatever, because they need trained people, and that would defeat the purpose of what the people think. Your best guess, knowing the time that we're going to start the casino and the training that you can do: Are a lot of the jobs going to be for people who have come out of your college, or are we going to see an influx of dealers from Manitoba because you haven't had time to train people just because of the time?

**Mr Hale:** At this point in time we feel confident that we will have not only enough trained, but enough for the successful operator to make a selection from those. Not everybody who gets trained maybe will get a spot.

**Mr Carr:** Because you say there are a lot. There are probably more people than spots.

**Mr Hale:** Yes. The big issue, and we've actually taken steps to address this, is offshore labour probably much more than Manitoba. We've had contacts from Atlantic City, one from Europe, from Las Vegas, from Reno, from Wisconsin, where Americans are interested in employment opportunities here. We have, in fact, a written letter of understanding and a working agreement with the Canada Employment Centre whereby we are training people. They are actually funding some of that training to ensure that Canadian residents are available for the jobs and offshore labour won't have to be brought in. If we don't deliver students who are trained, if the casino then applies to bring in offshore labour on a temporary basis, there would be no reason to turn them down, so we are very, very active in ensuring that doesn't happen.

**Mr Carr:** Where else in North America is some of this training being done? Are there any other colleges, presumably in the US, that are teaching courses like this?

**Mr Hale:** There is a casino gaming institute that's part of Atlantic Community College in Atlantic City. The university in Las Vegas has a program. The community college in Las Vegas has a program. We in fact are licensed by Atlantic Community College in Atlantic City as one of four community colleges in North America that will be delivering this slot machine repair program. We sent a faculty member for 10 weeks to Atlantic City. He went through the program and was trained—his background was electronics—and he's now come back. They have the only certified slot machine repair program in North America. We'll be one of four, the others being a community college in New Orleans

and one in either Reno or Las Vegas. Those and St Clair College will be the only four in North America which will be certified to deliver that program. So not only will we be training for a Windsor casino or subsequent other Ontario casinos; we've already had requests from Wisconsin, from Manitoba and from Quebec to send students to be trained within our slot machine program. That's concrete, major growth.

**Mr Carr:** What percentage of the students coming out of all these institutions are getting jobs? I know colleges are very good at keeping statistics saying in computer science, 90% of them who come out get a job in their field. In this particular field, looking even at the US and the institutions you mentioned, what percentage of the students coming out are getting jobs?

**Mr Hale:** A very large number of the students in the US are already employed, so it's hard to average.

**Mr Carr:** It's retraining.

**Mr Hale:** The rate is very, very high. As I understand this—having visited neither Las Vegas nor Atlantic City nor Gulfport, I'm not really in a position to speak with too much depth on this other than what I've been told, secondary information, but the secret to success in the industry is what's called an all-games ticket, which means that you are licensed to deal blackjack, poker, whatever. So what happens is that someone goes in and they end up with a licence for blackjack and they continue to upgrade thereafter. There's also a 10% to 15% turnover rate because it's a high burnout occupation. The net result is that employment opportunity for graduates is very, very high.

**Mr Carr:** Good luck.

0950

**Mr Lessard:** Thank you very much for your presentation, Mr Hale. I want to commend St Clair College for the work it has been doing in preparing for the advent of casino gambling here in the city of Windsor.

You talked about other training facilities not only in the city but in the province, and competency standards possibly being set by St Clair College. I know there are a couple of training facilities that I've seen advertised in the newspaper. One of them, I've even visited: the casino training centre operated by Michael Power. He's got an actual certificate that he took a course for in Atlantic City and he now teaches the course to other students. One of the questions that I posed to him when I visited was that this is an issue that he should probably follow, because if he were going to be granting certificates, he would have to make sure that the people he was training would be of acceptable standards for the casino operator to hire.

I wonder whether there has been some relationship between St Clair College and other jurisdictions of the United States with respect to establishing standards, at least for your own training program. So if somebody

were to come from St Clair College with a certificate, for example, would that person have some opportunities for employment in an area like Atlantic City or Las Vegas?

**Mr Hale:** The whole issue of certification is very important to the college. One of the things that I didn't underscore in the paper but that probably is worthy of note is the relationship between the amendments in this legislation and other pieces of legislation. One of the provincial requirements for community colleges at this point in time is that by 1996, I think, 30% of the curriculum in any given course has to be what's called "generic skills and general education"; in other words, technical skills, reading, writing, mathematics, as well as a general understanding of things outside the program, be they civics or geography or resource management.

One of the issues that relates to what Mr Lessard is saying is if a student goes through a program offered by a private vendor which relates only to the art of dealing but, for example, does not have a customer service component built in, does not have an understanding of the legislation built in, does not have the depth or breadth of the college activity, the issue then is, will there be varying degrees of expertise hitting the marketplace in terms of workforce? The issue then becomes, how does the province, because it is the casino owner, ensure that it delivers a consistent-quality employee to the public?

There are two ways of doing that. First of all—I'm not advocating this one—is to insist that because the community college is the provincial trainer of record, all training go on through it, which to my mind is unfair, but it could happen; or, alternatively, that the college has two functions. One is to train students, which it will do, and the second is to test and certify that students trained by others or who have worked in other jurisdictions meet the common level of education and skill. That can be done on a one-of basis where if you or I walk in and say we have been a dealer here or we've had training from Power or whatever, you will say: "Fine. Here's a written test which deals with customer service and the legislation that you need to know about, followed by an activity where we will test you in your skill at dealing the games you claim you know how to deal. We'll measure those against exactly the same standards we put our own students through. If you make that, we will provide you with a certificate that says you've met that standard," which would be the first stage in the police vetting prior to going into the casino. We've had that conversation with the project team, and I believe they're very comfortable with that approach, so that's where we're proceeding at this point. I think Dr Klein might add something to that.

**Dr Owen Klein:** In respect to your question, Mr Lessard, as to our communications with the private



operators, one of the first things we did was bring in the community people. I'm aware of Michael's concerns. We've met with him and spoken with him. We're simply waiting for the operator, in fact, to be chosen and for—two things. For the operator, because the operator will have certain standards per their industry and their organization. So we have that, and we are waiting for the third stage of the training that we will do for the people who are going to be on the floor of the casino, and that is the legislation. As Mr Hale mentioned, our training of the dealers, in an effort for them to get their all-game ticket, has gone through the first two stages. The third stage is that they know the legislation, that they know the regulations, and we'll need those. I think that's why the work of this committee is important, that that material be in place so that we can take everyone who has been through the technical aspect of our training in this regard and give them the legislation. Even the private operators are in the same position. They have no idea what the legislation and the regulations are going to be. So this is a critical element in our training, that this legislation and these regulations be established and we can get on with the job, because anyone going in will have to know these, particularly with a provincially owned establishment and with the kinds of controls that I know you wish to have on it.

**Mr Lessard:** How did you go about establishing the curriculum that you're using right now?

**Dr Klein:** The curriculum was established through a process of researching all, as far as available, accessible curricula—Atlantic City; a community college that was in the training business for the riverboats on the Mississippi; the community college in Iowa—as well as some expertise from people who had been in the industry. A curriculum was developed at the college based on that. There were, I would say, nine months of development in that one area alone.

**Mr Lessard:** I wish you the best of luck. I know that not only in this area but in all areas of hospitality, St Clair College has an excellent program. I know there are a number of chefs, for example, who have come from the program who do great work, but as a result of the downturn in the economy we have right now, they've found their opportunities to be somewhat limited. I hope this provides them an opportunity to show the skills that they've acquired at St Clair College. Thanks.

**Mr Hale:** Mr Chair, if I could just respond once more to that question, what I wanted to stress was that from the college's perspective, the casino gaming business is being treated in exactly the same manner as if we'd developed a civil engineering technology program or a hospitality program or a tool and die program. It's seen as a legitimate career opportunity which we will prepare students well for, and they will receive a college certificate or diploma depending on

where they sit. This is not, "Open up, train 'em, and when it's done, fold our tents and go away." This will be an ongoing part of college activity henceforth, and it will be driven by the needs of the marketplace, just as every other career training program the college now has.

**Mr Callahan:** On the question of the slot machine repair, the college itself is going to teach that, is it? I think you said there were 40 placements for slot machine repairers.

**Mr Hale:** In the first intake of students, which will take place on the 23rd of this month, which is Monday—in fact, the preparatory meeting with the students took place yesterday—there will be 20 brought in. Another 20 will come in around October 20.

**Mr Callahan:** Before these students come in—this may sound horrendous—are there any pre-checks done on their backgrounds?

**Mr Hale:** We've discussed this with the casino project team and it's an interesting jurisdictional question you ask, because that really is a police function. So what we have said and what has been agreed to by the casino project team, including its law enforcement people, is that first of all, we require some technical background. In other words, they have to have an electronics background of a certain standard. Secondly, we will tell every student as they walk through the door: "If you have a criminal record, you're not welcome. You will not get a job. There's no point in pursuing this." They will have to sign a waiver saying that is not a problem. We will take the results of the course and give that to the casino project team, which, as part of the police vetting process, will go through it. But we are neither equipped nor do I think it is appropriate for the college to be a part of that vetting.

**Mr Callahan:** I'm glad you said that, but I think maybe it should go beyond that. It seems to me it's a waste of taxpayers' dollars to train people for a job they can't possibly get. I mean, I look at things like—and again, I hope my friends will not think I'm being political—Jobs Ontario, where some guy who's a convicted drug dealer can get all sorts of dough from the government without it even checking him out to see if he's got a record. So I think from this point on, we're dealing with a very sensitive area, not only of integrity in fact, but integrity—

**Mr Noel Duignan (Halton North):** You didn't get checked out before you went into office either, Bob.

1000

**Mr Callahan:** Maybe they should do that too; that might be a good idea as well. It's the type of operation that requires not just actual honesty but perceived honesty. If these kids are going to take that course with the anticipation of getting a job, then they should be pre-checked.

**Mr Hale:** Could I respond to that, Mr Callahan,

before we go ahead?

**Mr Callahan:** Yes.

**Mr Hale:** The conundrum there—and you raised a really good point—is that the gaming legislation can't stand by itself. The college is also bound by the Freedom of Information and Protection of Privacy Act, which says that certain things with regard to students are sacrosanct. You can't give them out without certain judicial process. The only way that could happen is that each student coming in would have to sign a waiver agreeing to a police check, and then the police would have to agree to do it. Their argument is that if you train 40 students, and there are jobs for 30 of them, because you want to give the employers some selection, the police don't want to have the expense of running a check on 40. They would rather do a check on the 30 who are going to get hired. I recognize your concern and I think it's valid. I don't have an answer for how to deal with it vis-à-vis the freedom of information act and the wishes of the police.

**Mr Callahan:** There's the other aspect of it too. Is there any contribution by the proposed recipient of this licence to run the casino? Are they going to pay anything towards the cost of educating these kids or are the taxpayers going to pick up the whole thing?

**Mr Hale:** Because there's no operator, the tax base carries it now. In the Request for Proposals, there was a fairly detailed section with regard to the relationship between the prospective operator and the college which will result in some financial transfer. But certainly in order for us to have a trained workforce ready when the operator is appointed, it is being done as a combination of tuition and taxpayers' expense.

**Mr Callahan:** How many blackjack dealers or students are being—what's the word I'm looking for—trained?

**Mr Hale:** We will have between 250 and 300 ready by January 1.

**Mr Callahan:** As I understand it, there are only 57 blackjack tables in the proposed Windsor casino. Who are these other people being trained for?

**Mr Hale:** This is going to be a 20-hour operation, seven days a week. People burn out. You only deal for so long and you have to move tables. The estimate, if I remember correctly, from the industry was that you would need something in excess of 300 dealers to adequately man 60 tables over a seven-day period.

**Mr Callahan:** Again there, I gather, because of the difficulties, there's no pre-clearance of these people?

**Mr Hale:** No. That is a police function as it stands now.

**Mr Callahan:** So if it turns out that 10% of them have got a record or whatever and aren't going to be hired by the casino, you're going to have to churn out some more quickly?

**Mr Hale:** Yes.

**Mr Callahan:** That's why it seems to me that if you want to be ready for the startup of this, not just the interim but the permanent casino, one would expect that would be an automatic thing that would be done. What's the point of training these people if they can't work the job? On the other side of the coin, what's the point of training only a set number if you're not going to have enough to run the casino?

**Mr Hale:** I'm going to duck this. I don't like to do it, but I can't think of anything else to say. Right now the legislation, either in the gaming control act, in the freedom of information act or in terms of the Police Services Act, does not allow the college to do that check. If the project team wished to open discussions with the college, to my mind one could consider a first and second brush check. In other words, if you do a broad-brush one for somebody coming into a course and then the detailed one just prior to getting hired, it might be something that would achieve what you're looking for, but we would need some change in the mechanism to allow that to happen.

**Mr Callahan:** I recommend to the government to look at that in terms of that issue, because it doesn't make any sense to just train the proper number and then find that 10% of them can't be allowed to deal.

**Mr Duignan:** As a point of clarification on that, When a student goes in to take a course, do you inform them of the fact that they will be facing a police check for a criminal record etc?

**Mr Hale:** Yes, and we tell them that if they have a criminal record, they should withdraw from the program. We're very emphatic about that on day one.

**Mr Callahan:** Yes, but that could be a record for possession of pot.

**Mr Hale:** Yes.

**Mr Callahan:** What I'm talking about is crimes of dishonesty.

**Mr Duignan:** If they've got a criminal record, I'm sure that would be in it.

**Interjection:** "Only once."

**Mr Hale:** "Only once, and I didn't inhale."

**Mr Callahan:** I would suspect that you're going to rule out an awful lot of kids, if what was going on in the 1950s and the 1960s is any indication.

**Mr Duignan:** There goes your chance, Bob.

**Mr Callahan:** Oddly enough, I haven't got one. But that does concern me. I think it's a businesslike way of doing things. As I said, and not being critical of the present government, although you probably think I am, to hand out that kind of money as was reported recently to a guy who was a drug trafficker, where a simple check could have been done, seems to me to be the height of lunacy. I think maybe we should start becoming



ing realistic and sensible and reasonable people and start planning for it.

**Mr Hale:** From the perspective of the college, I guess, that's a very difficult thing to deal with, because we're getting into Big Brotherism. At what point does the state begin and end its responsibilities for checking on the background of its citizens? If we ran a check on this one, then we should probably run a check for anything where there's a licence. That would be all the engineering technologists, all of the nurses and nurses' aides.

It's a valid concern. Believe me, I'm not trying to denigrate it in any way, but where it starts and where it ends is a really difficult question that I think is a legislative issue which would extend to all activities in education in Ontario.

**The Chair:** Our time has expired. Thank you for presenting before the committee.

Is Mr Ralph Winograd here? If he's not, then we will recess until—

**Interjection:** Can't we get the other ones?

**Mr Kwinter:** What about the others?

**The Chair:** The Essex and county building trades cancelled.

**Mr Kwinter:** Oh, they cancelled?

**The Chair:** Yes. I'm sorry, Mr Kwinter; I should have announced that. I wasn't skipping; I just had that information in my head.

**Mr Duignan:** Just ask if there's anyone on the room—

**The Chair:** —who wants to make a presentation?

**Mr Callahan:** Is there anybody else?

**The Chair:** Is Tony Haddad here? No? We're getting into 11:30, Bob, and I doubt anybody would be here.

**Mr Duignan:** Is there anybody here? Just ask.

**The Chair:** Are there any people who are here to make a presentation? No, there aren't.

**Mr Kwinter:** So we're adjourning until 10:30?

**Mr Duignan:** Looks like it.

**The Chair:** We're not going to adjourn; we're going to recess—I should say that—until 10:30.

*The committee recessed from 1008 to 1030.*

#### WINOGRAD'S FASHIONS

**The Chair:** The standing committee on finance and economic affairs will come to order. Mr Ralph Winograd is our next presenter, representing Winograd's Fashions. Welcome to the committee, Mr Winograd. Please make yourself comfortable. You have 30 minutes to make your presentation and field some questions.

**Mr Ralph Winograd:** Madam Minister Churley and members, I'm Ralph Winograd, co-owner of Winograd's Fashions on Ouellette Avenue in downtown Windsor. I

have been a retailer in the downtown core since 1961, over 32 years, and a member of the board of directors of the Downtown Business Association for more than 10 years. I actively worked on the team that championed a downtown site for the location of the temporary casino as well as bringing Ontario's first casino to Windsor.

Let me thank you for decisively selecting the Art Galley of Windsor for the interim site and Windsor for the first permanent site. You will not be disappointed and your good judgement will be rewarded.

In Minister Churley's own words, "The downtown site affords a magnificent view of Detroit's skyline, is close to existing hotels and restaurants and ensures that the casino can act as a catalyst for much-needed redevelopment."

Your decisive selection of the Art Gallery of Windsor is a bell-ringer for the healthy and viable businesses that have survived two recessions, cross-border shopping, the GST and still continue to do business in the downtown core.

We pounded the pavements, we wrote the letters, we got the signatures that brought the casino project to downtown Windsor, because we know that a healthy and viable downtown is the heartbeat of our city. All you have to do is take a five-minute ride through the tunnel to Woodward Avenue in Detroit to see a sad but powerful example of urban decay, something we do not want for our downtown.

We also have over 100 empty stores and offices in the downtown core that today contribute nothing to our city's tax base. Over 12,000 projected daily tourists will pump millions of dollars into our community and these vacancies can immediately be in the forefront of tourist opportunity and make a significant contribution to our tax base.

Already revitalization has begun to take a foothold. I can identify the following positive results to date.

Smart Set, a division of Reitman's, recently opened a new store at the corner of Ouellette and Wyandotte in the 600 block.

Peachy's, a local restaurant, has upgraded and renovated its premises, also in the 600 block of Ouellette Avenue.

In the 400 block of Ouellette Avenue we will soon see a new bakery and European-style deli and a new ladies retailer.

In the 300 block already opened are Casino City Restaurant and Bar and the Coffee Exchange, an American-style espresso-cappuccino house. Soon to appear will be Caesar's Bar and Grill.

Almost ready to open in the 200 block is Zareh's Jewellery, a local businessman expanding into the downtown core. As well, there are millions of dollars of upgrading and renovations to the Howard Johnson

Hotel, in the 400 block.

New owners of the Royal Windsor Motel on Goyeau Street intend to renovate and upgrade this year. New owners of the old Union Men's Shop building will be opening a restaurant in this location. Paul Lavender, a restaurateur, will re-open his restaurant on Pitt Street.

It also appears that ground-level locations at Riverside Drive East have been rented. Potential new owners and tenants appear on the horizon for the Birks building and the Toronto-Dominion building, both on Ouellette Avenue.

A new vitality is slowly, quietly but definitely beginning to appear in our downtown core. The \$20-million Tunnel Plaza commitment is under way and a potential development by the Royal Bank of the Kresge property is still alive.

We are seizing the opportunities you have presented to us and we are using them as the vehicle for which they were originally intended.

Revitalize the downtown core as the first step in putting Windsor, Ontario, in the forefront of Canadian tourism, a step that will benefit our entire city.

Personally, our own business will upgrade its store fixtures and will address potential new store hours and additional staffing as we look to the future. For a change, it's nice to be able to approach these problems from a positive point of view, with potential for personal success and community benefits.

The Downtown Business Association is spearheading a committee to establish a fair exchange policy with respect to tourists and American currency. The committee includes representatives from other business associations in our city as well as representation from the hotel and restaurant association.

We are working together to ensure that our new guests will get a fair exchange rate when spending their money in Windsor. Tourists will find a business climate that is user-friendly and they will want to return here as often as possible.

Windsor has talked about diversification of industry for years, and we are now on the threshold of embracing tourism, a great new industry for our city. Windsor will become a destination for thousands of tourists bringing millions of dollars into our community. The benefits will be plentiful: new businesses, new jobs, new hope.

So, provincial decision-makers, approve casino gambling for Windsor. I'm betting on Windsor and Windsor is betting on you.

Thank you for allowing me to present my point of view and I'm prepared to answer any of your questions.

**The Chair:** Thank you, Mr Winograd. Mr Eves, do you have a question at this point? You have about seven minutes.

**Mr Ernie L. Eves (Parry Sound):** Yesterday and the previous day, we've heard some suggestions by the municipality and others for some improvements to Bill 8. I'm just going to touch on a couple of issues and I'd like to get your thoughts on them. One is that there be an age restriction set on the entrance for people going into the casino of 21 as opposed to 19, although there may be some difficulty with that. I believe that both the mayor and the chief of police have indicated that would be their preference.

Another is some form of municipal revenue sharing in the casino project. I believe that with virtually every other jurisdiction in North America in which there is a casino or casino facilities, the municipality shares directly in a certain percentage of the proceeds.

The third one I'd like your thoughts on is municipal representation on the Ontario Casino Corp. Seeing as Windsor of course is the first casino in the province of Ontario and the pilot project, the thought has been reiterated here several times that it should at least have some representation initially on that corporation.

Could I have your thoughts on those issues, please?

**Mr Winograd:** Well, I'm a retailer and politics isn't my field. I think the experts in terms of the first question should get together and decide just what that decision should be. The police have a point of view. The people coming into the casino have a point of view. The age of adult is another question. We should resolve it in the best interests of everyone. I'm not an expert in that area.

**Mr Eves:** I think you're becoming a politician, though.

**Mr Winograd:** On the second question with regard to the city, the municipality, getting a part of the action, I think it's necessary to find some level of cooperation, because it's a big partnership that's going on here. You want this casino to be the bell-ringer so that the retailers see the advent of tourism, and you want it to be a success so that you can follow this success with five or six more successful ventures, and making the city your partner is a good investment. It will come back to you. It's necessary. It's a long-term venture, not a short-term venture, and it's a whole new industry that you're bringing here. That investment will be repaid to you plentifully. I think it's a really good idea.

The last question was—

**Mr Eves:** A representative on the Ontario Casino Corp.

**Mr Winograd:** It certainly makes a lot of sense to me.

**Mr Eves:** Thank you.

**The Chair:** Mr Dadamo.

**Mr Dadamo:** Ralph, what's happening here? What's going on? Yesterday in the newspaper there was the



return of CBC television programming some time in January. I need to go on the record to say that the mayor and his office—we rallied, remember, 6,000, on that cold December night in 1991, to bring CBC television back and it's absolutely phenomenal that this is happening. There is the proposed marina, the \$40-million courthouse which is coming, the proposed arena at some point, and now the casino. I'm happy for people like Bruce Taylor, the program director at CBC television, my long-time friend and one-time roommate Percy Hatfield, Rob Miller and these guys.

I think what is happening is great, and I need to applaud you and all those who have worked extremely hard when you put forth the art gallery and it became apparent to the local members in Windsor that the art gallery was the only choice. It would have defeated the whole purpose of bringing casino gaming to the city of Windsor if we had gone to the other two, with all due respect to them and the hard work that they did in trying to land the whole deal themselves.

I guess what we need to talk about is the filling up of the stores downtown and how actively involved you are in helping to bring some people into the city of Windsor and some of the plans that you have in your own mind. You've been downtown for 32 years. I remember when you had the old store on Wyandotte across from the TD bank, years ago, so, some of your ideas.

1040

**Mr Winograd:** Bringing the interim casino to the downtown core is serving the purpose for which it was intended, and that's the catalyst, the beginning. All these items that I presented to you, or listed for you, have taken hold because that interim casino is in fact going to open, and the continuity will continue when the permanent casino follows suit.

You're going to be bringing people on to the streets of the city of Windsor. Just the 25% of overnight stay, let alone the 75% of the same-day customers who are tourists, is an announcement that there's going to be activity on our streets. Retailers in other cities are going to look at Windsor with a new kind of idea that they can make money here, that they want to service these people.

One thing we have in Windsor today is opportunity. We have opportunity for children's wear, for men's wear, for gift shops, for all kinds of businesses to complement what the new kind of traffic will be on our streets. I believe, with the things that I have listed to you, that there are retailers out there who will take a look at Windsor and realize that things are changing, and that they're changing for the better, and this opportunity is going to be a breath of fresh air in our city.

**Mr Dadamo:** You've stayed in business 32 years. You've gone through those peaks and valleys, and you've had some real tumultuous times, Ralph. Really, my hat is off to people like you who have never given

up on this city, and it's time that you get something back after all those years. You weren't here the other day when I was talking about you, by the way, on being a caring and dedicated individual and someone who loves this city, so I congratulate you.

**Mr Winograd:** Thank you.

**Mr Lessard:** Mr Winograd, I want to thank you for your presentation today. You say in the bottom line, "I'm betting on Windsor," but it seems like after 32 years, you've been gambling for a long time here in this city, because we have seen ups and downs, and those ups and downs have all been tied to the manufacturing sector, most notably the automobile industry. I guess once you've been here for that long a time, you always know that there's going to be an upside after every downside. It's just a matter of figuring out how to make it through that time period. I see in this case an opportunity to move us away from those ups and downs of the manufacturing sector.

However, there are some members of the opposition here who think that maybe we're being a little bit too optimistic here, that maybe these projections we're having—we're sort of being unrealistic about them and because we've been through the hard times that we have here, we're just sort of expecting far too much.

But you've been here long enough to know, to take a rational approach to these ups and downs, and I wonder whether you could give us some of your thoughts about the expectations that have been built up by retailers here in the city.

**Mr Winograd:** Realistically speaking, what are our expectations? The employment that is going to be put forth, or brought by the casino project, that's going to be our first level of consumer. We're anticipating that the people with the jobs are going to come into the downtown core and throughout the whole city and spend money.

I look at it from this point of view: Two customers a day, coming into my store, making purchases of \$50 each, is \$100 a day; seven days a week, is \$700 a week. You figure that by 52 weeks and you come up with \$35,000 of new business from two customers a day. I don't think retailers at our level are looking at 20, 30, 40 sales. We're looking at coming back, step by step, up a ladder to success.

The tourists will bring us a few more customers, and the best part is that as these stores fill up and these stores and these offices employ people, they will make their mark and leave their money in the district they are working in, and that's what we're counting on. I think it's happening. I think the timing is right. The high dollar is keeping Canadians at home, and we have a chance to turn this around.

Let me tell you that in the last few years, we've seen an exodus of business from the downtown core.

National chains such as Radio Shack, Cultures, Black's cameras and Kentucky Fried Chicken have left the downtown core. We had probably just close to two dozen first stores here three years ago; we probably have three left now. The turnover: We were seeing a total evacuation.

The casino project has turned it around. I think it's a step in the right direction, and I do believe it will get better and better.

**Mr Duignan:** Just very briefly, thank you for appearing before the committee this morning. Your comments, like all of the presentations here this week, will be taken seriously by this committee and reviewed.

You indicated that you would like to see someone from Windsor on the Casino Corp board.

**Mr Winograd:** It's a strong tie and keeps the avenues open, and at whatever entry our leaders decide to do that, I think it's a good idea.

**Mr Duignan:** Their order-in-council appointments can't happen till after Bill 8 becomes law. There is a retired Windsor businessman on the review panel helping to provide independent advice to the selection committee at this time, so the voice of Windsor is being heard on the selection committee.

**Mr Callahan:** I took my nightly walk up Ouellette Avenue and actually around quite a large part of the downtown area. Can you tell me, what time do the stores normally close?

**Mr Winograd:** The business hours during the week generally are 9 to 6, Friday, 9 to 9, and for those participating in Sunday shopping, noon to 5.

**Mr Callahan:** I'm looking at my own community where in the older downtown portion, a lot of the people own their own buildings. Is that similarly the case here?

**Mr Winograd:** I'm personally not a property owner, but I think it's normal. We have a mix of both.

**Mr Callahan:** These hours you told me, 9 to 6, is that Monday through Friday?

**Mr Winograd:** Monday to Thursday and Saturday, and Friday, 9 to 9.

**Mr Callahan:** Have there ever been any studies done by—I guess the reason I'm asking this is that I think it creates a problem for downtown if they're not prepared to stay open longer hours, particularly if you're going to have casino people here. If they find the stores vacant and dark at 6 o'clock, they're going to walk right by, and it wouldn't matter if you had a sale on at 90% off; they're not going to come in.

**Mr Winograd:** In the past, we've had different attempts at opening Tuesday nights and Thursday nights till 9 o'clock. But let's face it, we've been through some very hard times, and for a lot of businesses to stay open longer hours, they felt that wasn't the way to go.

I think that we now have a challenge in front of us, but a positive one. We have something to hang our hat on. We are going to be addressing new store hours, and when the people are here and if there's business to be done, I think you'll find many of the stores staying open, particularly on the weekends—Thursday night, Friday night, Saturday night—longer hours, maybe all three nights till 9 o'clock. There will be a reason to do it. There will be people to spend money, and that's the best reason for a united front with still better store hours.

I think that in attempting to get longer store hours, we were up against the recessionary times, a different kind of dollar and not the kind of people we're going to have on the streets. We have a very good chance of improving that situation as the interim casino opens.

**Mr Callahan:** How much time do I have?

**The Chair:** Quite a bit, Mr Callahan.

**Mr Callahan:** Okay, because there are a few issues I'd like get at.

I also noticed—and again this is not a criticism, because I like Windsor. I enjoyed being able to walk around, see the kids, see that they were not offensive. They were sitting out, and good kids.

Is there any plan through the Downtown Business Association in terms of what types of stores? I found that you had a duplication—I just offer this as constructive criticism, you might say—of a lot of stores. You had to go a fair distance to find, say, a grocery store, a convenience store. They were way on the outskirts. That may be typical of most downtowns. You also made it difficult to find, say, a place to get a coffee without going into a bar or a restaurant. Those are really people services. I just offer that not as a criticism but as a suggestion that maybe that should be looked at.

1050

**Mr Winograd:** Mr Callahan, on your next trip, give me a call. I'll personally take you around to the best coffee shops and the best little convenience stores within the area of the downtown. We've got plenty of them; you just missed them.

**Mr Callahan:** Could be.

**Mr Winograd:** Also, I think you have to understand that we've been through a recession. We were seeing a decaying downtown. We are just beginning to revitalize in these stores because the opportunities are going to be there; they are going to fill up. Retail will fill up many of the stores, restaurants will fill up many of the stores. There are terrific opportunities for men's wear, for gift shops and I do believe it's going to happen. Small business will be the leader of this rebirth in the downtown core.

**Mr Callahan:** There are other issues that have come up, such as the question of age. The present bill allows a person to gamble at 19. We heard from the police



chief that this has caused some problems in terms of young people not being able to drink in Michigan coming over here to drink. He seemed to indicate that this might be exacerbated by them being able to gamble as well. Do you have any difficulties with this or would you feel more comfortable with an age of 21?

**Mr Winograd:** Once again, I'm a retailer. If they can't gamble, I'd like them to come into my store and shop. But that's not an issue of my expertise and I couldn't give Mr Eves a really good answer to that question—

**Mr Callahan:** He asked that too, did he?

**Mr Winograd:** —but if they don't want to drink and gamble, I hope they'll bring their girlfriends and shop in my store.

**Mr Callahan:** I guess the other one was the question of gambling in two different currencies. That could present a problem for you people. If the government accepts my suggestions in that regard, and the concerns that were expressed by the police chief and I might also add by the head of OPSEU—I talked to Fred Upshaw about that. He agreed that the opportunity to launder money is very significant if you have them changing their money, large amounts—the high rollers—into Canadian currency so they can gamble. Now that presents a problem for you people in terms of shopping, because unless you have a fair exchange policy which I note you talk about in here, you're going to find it very difficult for these people to shop. They're just going to take their money and go home. That's assuming they don't lose it all here.

**Mr Winograd:** If they come into my store or any other store with money, they're going to be treated in the most user-friendly fashion. We have no problem with people with disposable income. We're happy that they dispose of it in our store. Let me tell you that we keep an American float in our store and that we are a user-friendly store. We are going to use our example of how to treat a consumer properly and hope it's going to be the groundwork for other people to follow.

If they want American money as the difference, we're prepared to give them that American money. If they want full Canadian exchange, we're prepared. We're going to establish a hotline that every retailer will be able to call every day to find out what the fair exchange is, what the bank rate is so that the consumer, once he's in his store, does not have to run out to the bank to get it. They will be taken care of properly. It's a wonderful problem. It's a lot better problem to have to solve than wondering where the next customer is going to come from, and believe me, a couple of years ago that was a major problem that we faced: "Where are our consumers?" You know they're running across the border. We'll treat them properly. We'll compete properly.

**Mr Callahan:** I think I'd buy that; I accept that. I

think you've finally convinced me of that. I have just one final thing: VLTs, which are video lottery terminals, although they've been sort of put on the back shelf, could very possibly become part of this. What would you and your retail merchants association's reaction be to these being installed in stores? Would you be for it or against it? What I'm trying to get at here is that I would like to see this operation for Windsor be a win-win situation and a good one, and I think we all would, to keep the community as it is.

Las Vegas is like that. You go into the washroom and they've got slot machines. They don't let you stop for one minute. I have some concerns about that scenario becoming—particularly when I see signs, although I guess that's good, where you've got Ace's Coffee Shop Casino or something. It's an image that you create.

**Mr Winograd:** I won't be putting one in my washroom in the store. I think the careful selection and placing of these machines is the most important thing. They should complement the business of tourism, the business of casino gambling and there are experts who can speak on this. Once again I don't feel that's my area of expertise. I want to leave that to the experts who will be comfortable with it. The tourists coming in here will have some expectations, and we should try to satisfy as many of them as possible and have an open door to keep improving that situation as we go along.

**Mr Callahan:** I wish you the best of luck.

**Mr Duignan:** On a point of clarification: The legislation makes it very clear that video lottery terminals are restricted just to the casino area.

**The Chair:** Thank you very much, Mr Winograd, for presenting before the committee today.

TRANSIT WINDSOR

**The Chair:** Our next presenter is Tony Haddad, acting general manager, Transit Windsor, if you would please come forward and make yourself comfortable. Welcome to the standing committee on finance and economic affairs. You have 30 minutes within which to make your presentation and field some questions if you wish.

**Mr Tony Haddad:** I will try to do my best to allow you some additional time, since my comments will be brief this morning.

Ladies and gentlemen of the legislative standing committee on finance and economics, Transit Windsor is pleased to have received an opportunity to address you today with regard to Ontario's first casino being located in Windsor.

Transit Windsor is a company wholly owned by the city of Windsor, with a mandate to provide public transit to residents and visitors in the Windsor area. To be successful, this service must be provided in an efficient and effective manner, while responding to the changing needs of the community. In anticipation of

increased traffic, social and recreational activities and demand for improved and extended transit services, Transit Windsor is positioning itself today for opportunities which we believe the Windsor casino will present commencing in 1994.

Transit Windsor currently provides regularly scheduled service between Windsor and Detroit through the Detroit-Windsor tunnel. In addition, special-event services are provided throughout the year in response to conventions, professional sporting events and other cultural and recreational activities which attract patrons from both the Windsor and Detroit area.

The major improvements currently under way at the Detroit-Windsor tunnel, both functional and aesthetic, are expected to significantly improve the flow of traffic through this particular point of entry and represent a \$30-million investment over the next two years.

The delivery of regular and special-event services by Transit Windsor travelling through the tunnel will be enhanced and, with the improvements, allow for an improved flow of traffic and consequently improved service and access between our two cities.

The Windsor casino adds a new dimension to the revenue base for Transit Windsor by providing an opportunity for enhanced as well as extended transit services. These opportunities, in our view, include shuttle bus services for patrons from a variety of locations to the Windsor casino, casino employee shuttle services and the servicing of tour buses coming into this area.

**1100**

Each of these initiatives is currently being studied to determine how best to introduce these services and the type of infrastructure required, such as vehicles and facilities in order to support them. In addition, and a very important consideration, are the employment opportunities which these initiatives offer. I speak of employment opportunities as they will directly impact Transit Windsor in terms of shuttle bus operators as well as maintenance technicians.

Marketing opportunities for Transit Windsor, as well as cooperative ventures with our partners in the community, dramatically increase as a result of a major attraction which the Windsor casino represents. Showcasing Windsor adds a new and exciting feature to our marketing initiatives.

These exciting opportunities require immediate response in preparation for the anticipated number of visitors to our community, as well as the development of long-term strategies in order to sustain and continually improve our servicing capabilities which the hospitality industry will experience with the opening of the Windsor casino. Transit Windsor is positioning itself to ensure maximum potential is achieved with these exciting opportunities from the board of directors to our

employees to our customers, both current and future. We welcome the challenge.

That concludes my comments to you this morning. Once again I thank the legislative committee for the opportunity to address you. I would be prepared to address any questions you may have at this time.

**The Chair:** Thank you very much, Mr Haddad. Mr Carr? Mr Eves?

**Mr Carr:** One of the concerns we've got is, if it doesn't get set up properly, you don't get a very good chance. Can you say today that you're going to be geared up and ready to go for the people coming across by the time the casino opens?

**Mr Haddad:** It is our intention to complete our research and be up and running with the opening of the temporary casino site.

**Mr Carr:** What is going to be the increased cost that you're looking at, percentage-wise, in your budget to handle the influx?

**Mr Haddad:** Details such as cost and infrastructure improvements, additional vehicles etc are currently being reviewed. We have not finalized our cost estimates at this time. However, we are basing our research on the projected number of patrons coming to the area, our experience in providing public transit in Windsor as well as Detroit and also on discussions we are having with partners in delivering public transit service both in the Windsor and Detroit area.

**Mr Carr:** So the number you're using is the 12,000 that we keep hearing. Is that the number you're using for your budget?

**Mr Haddad:** That's correct, yes.

**Mr Carr:** And obviously it's going to be part of a budget process, but percentage-wise, how much would that be in terms of ridership going up? Do you know?

**Mr Haddad:** From a ridership perspective, again depending on how patrons of the casino will be arriving, it could range from 5% to 10% initially, and again using the best information available to us at the present time.

**Mr Carr:** So how many are you handling a day right now?

**Mr Haddad:** We handle about 60,000 patrons daily.

**Mr Carr:** So 12,000 new ones, and you make a guesstimate of how many would use it and then you could figure out pretty much what your percentage will be.

**Mr Haddad:** Yes.

**Mr Carr:** One of the difficulties is that you have to gear up for the initial period, but if it doesn't anticipate, you may have an overcapacity. Have you done any of your own studies to figure out whether that 12,000 total coming in is accurate or are you just going off the government's figures?

**Mr Haddad:** At this time we are relying on the



projections based on the reports prepared by the casino team, recognizing that the indications are that they are conservative estimates. While at the same time not conducting any of our own studies, we do feel, however, that with the size of our fleet and our ability to respond to special services, the introduction of shuttle services that we will provide can be supported and supplemented by our existing fleet initially and allow us to work through the period where we get a settling in and a comfort level as to what a more precise vehicle count would be and allow us to respond and adjust our fleet accordingly.

**Mr Carr:** How many new employees do you anticipate, then, coming on as a result of this casino?

**Mr Haddad:** Again, from very preliminary reviews we've conducted in terms of employment, it could be upwards of 50 to 100, again depending on demand and depending on our success level in attracting servicing of tour buses coming into the area combined with shuttle services we anticipate being able to introduce.

**Mr Carr:** I ask the different groups, as members will know, how many new employees they think they're going to have and so on. Not too many can give me a definite answer. I know that's difficult to do, but you have to do that in any budget anticipation. Every year you have to make some guess. People are saying, "Oh, yeah, we agree with the 6,000 to 8,000 new job figures," but when you ask individuals coming in, none of them have been able to project.

The reason I do that is that I just want to make sure the government figures are correct, because governments have a tendency to inflate them to help their cause. I just want to get a sense of whether you believe we're going to hit those numbers. So the numbers you've heard of the increased spinoff jobs, would you be able to comment on whether you think—it's probably not your field of expertise, but do you think the casino will generate the number of jobs that the government says it will?

**Mr Haddad:** I'm confident that the level of research that was conducted and the integrity of the report itself will support the estimates, based on the best information that was available to that group at the time, based on experiences that they've been able to draw from in other casino operating areas, and certainly each member of the community that will be impacted by the casinos has a responsibility to assess what the impact will be directly on them. With our experience at Transit Windsor over the last year or so, I would suggest that we will be taking a conservative approach as well in order to ensure that we can provide a quality service but at the same time ensure that we can respond to the demand levels, whatever they may be.

**Mr Carr:** It's tough because you have to use the government figures, but by the same token you don't want to be caught short. I don't want to put too much

pressure on you, but all the work that can be done, all the marketing, and the first time people have any problems with getting around, it will sour them. So it's very difficult putting this whole thing together, but I hope the figures are accurate. As a matter of fact, I'm sure everybody hopes they're even more than that.

We wish you luck. You've got a tremendous responsibility, but from what I've seen here in Windsor, the transit and the police and the community are certainly working hard to be ready for it. The only thing I would caution you is to make sure you question the government, and I say this not to be political, but you know that in order to do it properly, you have to question and you have to push and you really have to do it properly. But I'm sure you will, and good luck with things.

**Mr Haddad:** Thank you.

**The Chair:** Mr Dadamo.

**Mr Duignan:** I was first.

**Mr Dadamo:** Wayne and I will share this—well, probably three.

**The Chair:** Actually, Mr Duignan wants to have a comment.

**Mr Dadamo:** Oh, okay, sorry.

Tony, thank you. Those who don't live in this area are not aware that your bus goes to the US side every day on many runs. Are you licensed to a certain point to take the Transit Windsor buses beyond the tunnel on the other side?

1110

**Mr Haddad:** Yes, we are. The licence that enables us to operate into Michigan allows us to operate charter services into the Michigan market as well as the scheduled service which goes into the downtown Detroit area, which requires approval at the local level.

I would also point out that public transportation in the Michigan market is not as tightly controlled and we have not experienced any difficulties with regard to adjusting or amending our routes, for example, in being able to go into the Tiger Stadium area, the Fox Theatre district, the Cobo convention centre area, as well as charters which take patrons out into the suburbs, Pontiac, the Silverdome, where the Detroit Lions play, the site of the Detroit Pistons in Auburn Hills. Wherever the customer demand requests service from Transit Windsor, we've not had any difficulty in delivering that service and working in conjunction with authorities in the Michigan market.

**Mr Dadamo:** So it may be premature, and forgive me for this, but there must be some sort of talk at this level now that you'll be able to go to different landing points where Americans are coming on their side. Say, for Metropolitan airport, or even their downtown bus terminal, for example, will you be able to take people from there cross-border here?

**Mr Haddad:** I believe service from Detroit metro airport is on a contract basis and is something that Transit Windsor does not currently do except for charters. However, we are pursuing a number of opportunities in the Detroit area, in concert with the private sector, to join forces in providing services where they may dovetail on our ability to transport passengers as well as our ability to complement their services.

**Mr Dadamo:** I know it'll get intricate later on, but will there be the possibility, in concert with travel agencies, of taking a charter bus in from Metropolitan airport across?

**Mr Haddad:** Yes, that's a possibility.

**Mr Dadamo:** Do you or do you not have access to the Ambassador Bridge now?

**Mr Haddad:** We do have access to the Ambassador Bridge.

**Mr Dadamo:** Are any of your buses back and forth now on a regular basis?

**Mr Haddad:** No. We provide our service into the downtown Detroit area and we are a good customer of the tunnel.

**Mr Dadamo:** I know you are, but I know that you'll want to explore different avenues when the time comes, and with the new facilities at the Ambassador Bridge now, I know they have better facilities for larger-type vehicles and I'm just wondering if that's a possibility.

**Mr Haddad:** It definitely is a possibility, and it is something that we have used in the past, especially for charter operations.

**Mr Dadamo:** Okay, that's all I have, thanks.

**Mr Duignan:** In the committee hearings this morning, Mr Carr indicated that the government has a tendency to overinflate figures, but our figures in fact are quite conservative in relation to the number of jobs etc for this community. So in our contention they're not indeed overinflated, they're if anything more on the conservative side of the figures.

On the whole question of ground transportation, earlier this morning we heard from the convention and visitors' bureau. They have a number of task forces in place looking at various aspects of dealing with the casino when it comes to Windsor, and one of the areas they're looking at is the question of ground transportation. I know they have under discussion a committee to identify the need for adequate shuttle services in the central business district, particularly to and from the hotels, and also it states that the chamber of commerce transport committee is currently addressing the situation. Under the heading of recommendations, they're hoping I guess to set up a meeting with the successful casino proponent, downtown hotels, the DBA and the chamber of commerce to deal with this issue.

I was wondering, have you been involved in that

issue, or are you also looking at hoping to operate a shuttle system in the downtown area as well? Have you talked to the chamber of commerce or have you talked to the convention bureau about this issue?

**Mr Haddad:** Yes. We have participated in discussions directly with the convention and visitors' bureau and with the committee that has been established. Transit Windsor is a participant with them and we certainly expect to be working in concert with them in developing strategies for ground transportation services, not limited to the hotels but on a broader base as well with other venues in bringing patrons to the casino.

**Mr Duignan:** In the Request for Proposals it states that parking facilities, tour bus dropoff facilities, for example, and other related infrastructure—the casino complex has addressed those issues and "Planning for offsite tour bus parking and servicing is being undertaken by the city." So you're actively involved in that issue.

**Mr Haddad:** That's correct.

**Mr Duignan:** You would, I suspect, also be looking at offering shuttle services from where those buses are parked to the casino in downtown as well.

**Mr Haddad:** Precisely. Yes.

**Mr Duignan:** And you're well ahead in your planning in that aspect?

**Mr Haddad:** Well ahead? I think we're well in progress in developing those plans.

**Mr Duignan:** Okay, that's all the questions.

**Mr Lessard:** Very briefly, Mr Haddad, for the benefit of the committee members, I just wanted to point out that you're an accountant by profession, isn't that correct?

**Mr Haddad:** Yes.

**Mr Lessard:** And you were working before you became acting general manager for Transit Windsor in the finance department at the city. Was that in the audit department?

**Mr Haddad:** No. You're correct. I was in the finance department as the budget director.

**Mr Lessard:** So you're not about to be fooled by figures, either from the provincial government or the municipal government, I wouldn't suppose.

**Mr Haddad:** Well, I would hope that I have an ability to recognize those figures and the validity of them.

**Mr Lessard:** You ended up in this position because of some difficulties with Transit Windsor. When my friend Mr Carr was asking about your capacity to be able to deal with demand, part of those difficulties were I guess excess bus service and employees. So this actually would provide an opportunity to put into service those buses and employees that are currently



laid off.

**Mr Haddad:** That is precisely one of the initiatives that we see as a definite possibility and a positive aspect in terms of our labour relations with our employees at Transit Windsor with the difficulties we've been facing over the last year and the potential that we have, starting in 1994, assuming of course that we can overcome our difficulties during 1993 in order to be in a good position to respond to those demands in 1994.

**Mr Carman McClelland (Brampton North):** Mr Haddad, thanks again for being here. In your work as general manager of Transit Windsor, could you tell me the subsidy ratios or subsidy numbers from levels of government to the operation base itself?

**Mr Haddad:** The ideal revenue-sharing formula that has been identified for a municipality the size of Windsor by the Ministry of Transportation is for a 60% contribution or revenue generation from the fare box, 20% municipal contribution and 20% provincial subsidy.

**Mr McClelland:** Part of your revenue or potential revenues, I would imagine a significant portion, is in the area of advertising, bus-back advertising and so forth.

**Mr Haddad:** That does represent one of our revenue areas, yes.

**Mr McClelland:** Do you have a sense or any guesstimate, estimate, whatever the case may be, with respect to the potential increase of those revenues as a result of the increased traffic?

**Mr Haddad:** Not specifically at this time. However, we feel that we're already seeing signs of improvement in the advertising campaigns that are being carried on our buses, both interior and exterior, and with the increased traffic coming into the area and the exposure to visitors from both Canada and the US markets, we feel national advertisers will increase their exposure in this market and as a result will increase revenues to Transit Windsor in terms of advertising dollars.

**Mr McClelland:** No idea of the gross amount—any sense?

**Mr Haddad:** Not at the present time. We have had discussion on a couple of occasions with the advertising agency that works with Transit Windsor. They are very excited about the opportunities and in fact are already showing signs today that the interest level has increased significantly.

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**Mr McClelland:** I don't want to embarrass him, but I see Mr Muroff is in the room. He shared with me briefly some of the things that are happening with respect to the Windsor-Detroit tunnel. Do you, in your capacity as GM, sit on the commission or the board or have interplay with the renovations and the projects that are taking place there? The reason I'm asking is that I was wondering if you could share with some of my col-

leagues on the committee the impact that's having in terms of the immediate. I understand—you might want to comment on it—that one the catalysts towards the significant renovations and expenditure of dollars, job creation, was the result of the casino project being announced for Windsor.

**Mr Haddad:** We at Transit Windsor are working very much so with the administrative staff of the Windsor Tunnel Commission in terms of being one of the major users of that facility and the requirements that we have to ensure the safe passage of passengers from our buses through the tunnel and in reaching their destination, either on the Windsor side or the Detroit side. The improvements that are being undertaken are addressing needs that Transit Windsor has identified, both on the plaza as well as through the tunnel tube itself. We expect that upon completion of, initially, the road improvements our services being provided on a regular basis, as well the special events services, will increase and will allow us to more effectively promote and market that service we presently have today.

The improvements to the tunnel itself, as I understand it, commenced prior to the decision being made to locate a casino in Windsor. I believe it is a reflection of our municipality's ability and long-term planning vision to ensure that we are well positioned and capable of handling additional capacity through new attractions, whatever they may be. Timing-wise, the casino came forward and obviously will be impacted in a positive sense with the improvements that are being made to the Tunnel Plaza on the Windsor side.

**Mr McClelland:** I'm glad you mentioned the plaza, because I wanted to ask you about that. I understand from my understanding, just from what I pick up, that it's going to be a significant component. Basically all the improvements in the tunnel itself without the end plaza being improved really won't provide the service that you need; in other words, the flow. The traffic flow is okay; it's processing the traffic at the end of the tunnel. How much money is coming from the federal government or provincial government to help with that project? To what extent do you have commitments or do you need more firm commitments from either of the two senior levels of government?

**Mr Haddad:** Are you speaking in terms of the tunnel improvements?

**Mr McClelland:** The plaza itself. Let me reiterate; I may not have expressed that as well as I could have. The tunnel itself is all well and good, but without the plaza being done in a timely fashion, you're going to have that bottleneck in any event. So having the plaza improved, or the handling of traffic vis-à-vis customs and so forth, is an absolute necessity. Are you on stream? Are you satisfied with respect to the commitment that you require to see that taken care of, both in terms of the customs officials and all of those ancillary

components of your operation vis-à-vis cross-border traffic?

**Mr Haddad:** I would suggest that all of those issues must be addressed and are an integral part of the renovations being completed in the tunnel tube itself. However, I don't feel I could address the level of funding and the commitment from the provincial and federal governments with regard to the Tunnel Plaza development itself, since I'm not directly involved with the tunnel commission and I have been removed from city hall with regard to the day-to-day issues of the tunnel.

**Mr McClelland:** If I could, Mr Chairman, I think it might be worthwhile for us just to inquire from city officials, through the mayor's good offices or whatever, just to see what we can do and ensure that every effort is made to keep things on stream and that our friends in Ottawa are—

**The Chair:** Which friends are you referring to, Mr McClelland?

**Mr McClelland:** —in touch with the minister himself.

**Mr Mills:** Whose friends?

**Mr McClelland:** I sort of hesitated there for a moment.

**Mr Callahan:** After the PEI link, surely the hell they can do something with the tunnel before the election.

**Mr McClelland:** Without being too flippant about it, let's just make sure that—

**Mr Callahan:** I'm sure Kim will be down here in the next 10 minutes.

**Mr McClelland:** Let make sure we note that. Let's make sure that we are of any assistance we can be. Thanks, Mr Haddad.

**The Chair:** Thank you, Mr Haddad, for presenting before the committee today.

**Mr Haddad:** Thank you for the opportunity.

TOWN OF LaSALLE

**The Chair:** Our next presenter is Mayor Vince Marcotte, representing the town of LaSalle, if he would please come forward. I understand that we as well have Judy Recker with us today. If you would both make yourselves comfortable, you have 30 minutes for your presentation. You may use all of that for your presentation or save some time for questions, if you wish.

**Mr Vince Marcotte:** First of all, thank you for the opportunity to speak today. Just to clear the record after seeing the headlines in today's paper, Judy and I have not been anywhere with any of the proponents.

Thank you for coming to Windsor, thereby allowing the town of LaSalle to have an opportunity to speak on casino gambling as it relates to Windsor.

I understand that Bill 8 has received two readings and

that these public hearings are really to assist in the final wording of the legislation. I'm not here today to give a technical opinion or position on the various facets of the bill itself. I'm sure you've had many experts and I'm sure before your hearings are over you will have many more experts who will have various views on that. Rather, I'm here today to give you LaSalle's support from a people point of view.

In the following material that you have I've included a map of the county of Essex. I'm not sure how familiar everybody is with the county and so on. I've highlighted LaSalle and Windsor in order to give you a perspective on where LaSalle is and how large it is in relation to the city of Windsor. Also highlighted are the proposed locations of the casino, both the interim and the permanent ones, and the Windsor Raceway, which does have a major impact in LaSalle, and I'll address that a little later. After that, I want to give you a little bit of history about LaSalle and then finally our support for the gaming project.

On the map you'll see that LaSalle is in pink and Windsor is in yellow. Geographically, we're probably about half the size. LaSalle has a population of 17,000 to Windsor's 195,000 plus. We are a border municipality. I just want to outline the green dot in the west end of Windsor, which is Windsor Raceway, which just about abuts the boundaries of the town of LaSalle.

If I could, our history goes back quite a ways, all the way to the township of Sandwich West. This is page 3 I'm reading from. Our first bylaw was passed in the same year as Confederation, 1867. So you can see we've been around for a long time. Since that time the municipality has undergone many changes, most notably in 1966, when, as a municipality of 35,000, it was annexed in a fierce battle with the city of Windsor. We lost that and for a while there were many sore points there. The remaining 7,000 residents who were left at that point had little industry but a strong determination to survive on their own.

Looking back to 1966, I don't think anyone would have anticipated the growth of our municipality. We are a very progressive community and, recognizing our maturation, in 1991 the township of Sandwich West ceased to exist but a new town was born, and that town is LaSalle.

Today, we are the most populous municipality in the county of Essex, excluding Windsor, obviously, with over 17,000 residents, growing daily. Over the last seven years we have grown by more than 200 households per year, a little over 1,500 households in that period of time.

Remaining independent and able to care for itself, LaSalle has its own hydro commission, water department, full-time police and fire services. That is over and above our administration, which has public works, planning, building and so on.



LaSalle is proud to be part of the upper-tier government, which in our area is the corporation of the county of Essex, and derives services such as libraries, social services, road maintenance and so on from the county.

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Now, on our position on gaming, the town of LaSalle is on public record supporting gaming for the city of Windsor. Two motions have been passed, one supporting the project when it first came out months ago and another one authorizing myself to be here today to publicly state our approval.

From our history and location, I think you can appreciate that LaSalle and Windsor are very intertwined and that occurrences in either municipality have an effect on the other.

According to Statistics Canada, some 83% of LaSalle residents who are working are employed in the city of Windsor. Therefore, like Windsor, we are very heavily dependent, and have been, on the automotive industry.

Over the years we have been able to grow residentially, but we have not been able to keep up industrially at all. As a matter of fact, as of today only 11% of LaSalle's tax base is generated by commercial-industrial assessment. Really, what it gets down to, from our end of it, is jobs, and that's the personal message I want to bring to you today.

The latest economic downturn has stalled any hope of industrial growth in LaSalle, but right now, today, through the casino gambling we have an opportunity, a chance, a window, whatever you want to call it, to start a whole new industry, not only for Windsor, but for the whole of Essex county and beyond. We need the jobs that are going to be created at the casino. We need the spinoff requirements that will supply the casino. Psychologically, we need the lift that a new industry can provide to any community that's been hard hit with lost jobs. We need to keep our residents; that is, our friends, our family, our own kids. We need to keep them in the area by providing them with job opportunities.

Being the friendly community we are, we want the tourists to come. We want them to visit and to spend some of their money in Windsor, in LaSalle and throughout the county. That will create jobs.

Our community, I'm sure, like many others and communities that you come from, must have some stability and growth so that the residents can have an enjoyable standard of living. The closing of yet another plant is not the kind of news we want to hear any more. We have had more than our share of lost jobs.

LaSalle, the city of Windsor and the rest of Essex county are ready to accept the challenge with casino gambling. We are looking forward to that challenge. Therefore, overall, LaSalle supports the casino idea.

We do have three reservations. One is security, which is being looked at by all the policing agencies, and

that's the Windsor police, as well as the RCMP and the OPP. It's also being looked at by our own police service. What effect it will have in LaSalle we're not sure of yet, but it is something that we are watching, and it's fair to say that our police and the Windsor police do talk on a daily basis.

Secondly, some people are going to need help to assist them through the gaming addiction, and we would want continued assurances that this is being properly addressed.

Thirdly, and probably the most important one for the LaSalle area, is the impact on Windsor Raceway. As I showed you on the map, Windsor Raceway does abut the municipality of LaSalle. Even though it's in Windsor, it does provide us—I'm talking about people in LaSalle—with hundreds of jobs as cashiers, parimutuel clerks, servers, parking lot attendants etc, and also hundreds of opportunities in the racing end itself.

If I can just digress for a moment, you may or may not have seen in the paper that in the history of horse racing—it's harness racing we're talking about here—the barrier of one minute and 50 seconds for the mile has been broken only nine times in the history of racing. Four times it has been done by a horse trained by Bill McIntosh, who lives in LaSalle. Need I say more?

We need a strong and vibrant Windsor Raceway to complement the newest attraction in town, casino gambling.

Therefore, recognizing those three concerns, I and the corporation of the town of LaSalle, through its council, fully support casino gambling. As a neighbour, we are very pleased that Windsor was selected for this initiative. We'll work with the city to make all of Essex county, and indeed the province of Ontario, prosper because of it.

Thank you very much. We're prepared to answer any questions.

**The Chair:** Thank you very much, Mr Marcotte. We have approximately seven minutes per caucus. We have three members from the government caucus who would like to speak. Mr Dadamo, you're first.

**Mr Dadamo:** Thank you very much; it's good to be first. Mayor, thank you very much. Judy, thank you for being here this morning.

Let's talk about the correlation between the town of LaSalle and the city of Windsor and how cohesively we're going to have to work together once casino gaming comes to town. Can we talk about the policing aspect of it all and how you feel you'll be part of it, or will you be part of it?

**Mr Marcotte:** When the initial information started to come up, our then police chief, Jim Lepine, met with the Windsor police and went over some of the concerns that we have or may have. We work in close contact

with the city right now. We have a detective, we have plainclothes men, police officers who work with the city in major areas, and obviously casino gambling is going to have to be one of them.

In reviewing the whole process, we don't know what that impact is going to be in LaSalle but we have those doors open and negotiation will continue on. If it becomes a major problem that there is an impact in LaSalle, then we will have to readdress it and that would probably be through the city.

**Mr Dadamo:** So, geographically speaking, LaSalle is just right around the corner from the city of Windsor, for those who don't know, or as we've seen on the map now.

Discussions about getting people to LaSalle—I have eight family members there and they've always expressed to me that they don't want to come back to living in the city for whatever reasons. They feel it's quaint, it's quiet and those kinds of things, and property taxes are a bit lower in LaSalle. Are they wanting the hustle and bustle of tourists coming in, aside from the businesses, but people who live there who don't have a business?

**Mr Marcotte:** When council obviously made the motions they were at a public meeting and there wasn't a whole lot of response, even though the local papers did pick them up. But every response I did get was on the positive side, and they were looking at the jobs. We're sort of fortunate enough that we're close but not right in the hustle and bustle. We won't be in the hustle and bustle of right downtown. Roadways in and out of the city of Windsor to LaSalle and through LaSalle are very well built-up highway systems. From that end of it I think it's not going to be a problem.

**Mr Dadamo:** So since the germ of the idea that casinos were coming and we began to talk about that, you must have forged a relationship with Tom Joy at the Raceway, as we have, and you must have had intimate conversations with him and his staff as to what was going to happen to their industry and how we could best help them out.

**Mr Marcotte:** We really haven't talked to anybody about the horse racing end of it. As you know, Mr Joy has a lot of other ideas for his complex. I don't know if other members of the committee are aware of that, but he's considering things on his space, on his land, and we are dealing closely with him on some of that development. I honestly have not talked to him directly of the horse racing industry, but it is a concern for us.

**Mr Dadamo:** You may want to take the opportunity to spell some of those things out. I had mentioned to him through a private meeting about a year and a half ago the possibility of an outdoor concert. The radio guy came out and we talked about music and all sorts of things and he thought that was a good idea and I think

that's coming to be, hopefully. There's also talk about maybe building a shopping plaza or something like that. You might want to go on record to talk about that.

**Mr Marcotte:** Some things we wouldn't be as happy about. A shopping plaza would obviously take away from our shopping plaza, which is just about a quarter of a mile down the road. We'd rather people would come up to our little plaza. However, obviously anywhere we can generate traffic is going to have some benefit for the south.

For many years a raceway was the only game in town situated on that piece of property. Certainly his ambitious plans for an arena, if he follows through with that and everything else, will have obvious benefits for LaSalle. The commercial, we would appreciate it if he would keep it a little lower than he might be, but that's only for selfish reasons, within the town itself.

**Mr Dadamo:** Okay, good. Thanks.

**Mr Duignan:** In your brief before the committee you raised three issues: security, gambling addiction and the costs to the horse racing industry. As you know, the government is committed to running a very tight ship in relation to both internal and external security at the Windsor casino, and already we have allocated 10 extra police officers to the Windsor police force and any other officers deemed necessary as well.

On the question of gambling addiction, on page 19 of the Request for Proposals it states: "The proponent should outline the types of public education and problem gambling prevention strategies that would be implemented as part of its operation of the casino complex. The proponent should outline the type of problem gambling prevention and education strategies for employees that would be implemented in the casino complex."

As you know, the minister, in the very near future, will be presenting a set of proposals in relation to this whole area of problem gambling to cabinet, and indeed we take that very seriously, so I hope the casino complex and the whole area around problem gambling will develop side by side in future.

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The last concern you have is the Windsor Raceway, and I again draw your attention to the request for proposals. On page 18, the proponent is asked to describe the operating and marketing plan for the casino complex:

"Proponents must outline a strategy that indicates how the casino complex and the Windsor Raceway can work together for their mutual benefit. Since the ministry expects the casino complex to work cooperatively with the Windsor Raceway in particular, and to be sensitive to the Ontario horse racing industry in general. Strategies for marketing operations based on cooperation and collaboration should be included in proposals."



We believe we have a unique opportunity here that didn't happen in other jurisdictions around North America, by getting the two sides to sit down and work out a proper strategy in relation to marketing and cooperation, because you know the problem with the horse racing industry was that it was in a decline even before casinos were mentioned.

There are some problems with marketing strategies etc., and hopefully this will be a catalyst to stop that and put in proper marketing and cooperation that actually, hopefully, will benefit the horse racing industry in Ontario in general, and in particular in your case, and that both sides may have to sit down and work something out that both will be very profitable organizations for the benefit of Windsor.

**Mr Marcotte:** I am fairly satisfied that those issues are being looked at, and as I say, there is the ongoing communication with my police chief and so on. From the committee's point of view, I just don't want that to be lost anywhere in the shuffle. Otherwise you're right that those issues have been looked at and there has been a lot of press, but those are the things we just want to make sure aren't lost somewhere. We appreciate that they are being looked at and we're fairly satisfied, as of today, that this is happening.

**Mr Duignan:** Your concerns have been noted.

**The Chair:** Mr Lessard, you have about a minute.

**Mr Lessard:** One of the issues that's come up in questioning previously has been with respect to revenue-sharing with the municipality. When I say "municipality," I would assume that would mean the city of Windsor, because that's the area I represent. How would the town of LaSalle feel if there was a proposal to share revenue from the casino with the city of Windsor?

**Mr Marcotte:** I guess a lot of that depends on what is revenue-sharing. If it's revenue-sharing to pay certain bills which are directly related to the casino, then they probably are worthy of going just to the city of Windsor, as opposed to the police or whatever else. If, on the other hand, it's a windfall and you're getting 10%, then not only LaSalle but the whole county of Essex I think should benefit.

**Mr Lessard:** Thanks.

**The Chair:** Mr Callahan.

**Mr Callahan:** Thank you for coming, Mayor.

*Interjection.*

**Mr Callahan:** Okay. Mayor, can you give us a definitive number of people who are employed in your community from Windsor Raceway? You've said hundreds, but—

**Mr Marcotte:** I'm sorry, I don't have that figure.

**Mr Callahan:** I'd like to get some order there. Would it be 500?

**Mr Marcotte:** I would think 500 overall would probably be on a high basis. At the time when the Windsor Raceway was going full tilt and it had its maximum employment, I would say there were probably about 300 or 400 people or in that area; I would say 200 to 300. A lot of those jobs are part-time, by the way, I might add. A lot of our retirees are actually filling those positions.

**Mr Callahan:** You've indicated that industrial hope of expansion in your town is limited or not going to happen. So those jobs are very precious, I would think, to your community.

What really gives me a stir is that the parliamentary assistant has referred you to page 18 of the proposal, which says proponents must outline a strategy that indicates how the casino complex will work with Windsor Raceway.

I think the thing you have to understand here, and this is not speaking against the casino, is that Windsor Raceway will be affected by all the other raceways throughout Ontario. I think there are some 48 or something like that. Those jobs are threatened because this is not going to be the first and last casino. There is a policy in place that's going to make this a much more expansive operation, and as that happens, the impact will be even greater on Windsor Raceway.

Would you not feel more comfortable if instead of saying, "The proponents must outline," the government itself would provide a cohesive and clear statement of how it's going to maintain the viability of the raceways and also the tremendous number of jobs that are stake?

**Mr Marcotte:** You're asking me for a personal opinion, if I would feel better if the government would be the one negotiating rather than the proponent?

**Mr Callahan:** Yes, or setting out a plan, preparing a plan so that we know that these 500 jobs in your community and jobs throughout the province would be protected.

**Mr Marcotte:** It's hard to say, because I don't know what kind of agreement would come forward.

**Mr Callahan:** What they're saying here is that they're leaving it up to the casino operators to come up with a plan as to how Windsor Raceway will continue to survive. Now, with all due respect, it's kind of like of throwing the fox into the henhouse. I mean it's small potatoes, because it doesn't recognize the spillover effect that will occur throughout this province as the government takes this pilot project and multiplies it, not just within the framework of communities that have been suggested, but also allows native communities to have these facilities.

**Mr Marcotte:** I guess I might just respond by saying that obviously the government, as a third party, would not have the same biases as the proponent in negotiating any kind of agreement or coming up with a

settlement. That's obvious. Now, whether or not we would get a better deal by the government being there, it's hard to tell, but obviously it wouldn't be coming from the same interest point of view that a proponent would be.

**Mr Callahan:** It's more important than that, actually. It goes beyond that, because what they're asking the proponents to do here is to simply look at how they can help Windsor Raceway in this small area in relation to this pilot project in Windsor. They're not looking at the big picture.

The big picture is that if all the stuff I've read—and I must say I'm a little disturbed by that report; Coopers and Lybrand didn't bother to go out and get its own stats. They relied on the stats of the report that was done for the government by a professor at the University of Toronto, which tried to put the number of jobs on the low side of 18,000 as opposed to the higher side, which in fact all other reports have indicated it is. That tells me there's a very serious problem and it sort of flies in the face of the minister's promise.

The minister promised that as Minister of Consumer and Commercial Relations she would try to find a correct gaming mix of lotteries, bingos, racing and casinos. In fact, what she's done by putting it in here is to say: "We're going to do it on a piecemeal basis. Piece by piece we're going to let the casino operator rely on his good faith to do it in just the small picture and eventually the small picture will disappear."

I would suggest to you that if the government doesn't take a look at the full picture, the larger picture, and do something definitively for the racing industry, your 500 jobs will be gone. If that hypothesis is correct, does that not concern you, as the mayor of that community, where your industrial base is not going to grow and you're going to have to rely on—you know, you're going to lose those jobs?

**Mr Marcotte:** Any process or lack of process that would result in losing 500 jobs at Windsor Raceway would certainly be a concern to myself—

**Mr Callahan:** I suggest to you and I notice as well—the chairman, the warden of the county, who is a horseman—we talked about it—should put out a very definitive statement to the government that you're not satisfied with simply the proponents being the fox in the henhouse and that in fact the government should take a look at the big picture and should decide to come to terms with the racing industry in protecting all those jobs.

If you don't, it will not only impact on your community but it will impact on a whole host of the agricultural sector which is already being, if I can use the word, raped by the inappropriate withdrawal of funds, the entire process of dealing with the farming community, and this is a very essential part of the farming

community, as I'm sure you understand. It's not just the jobs at the parimutuel windows; there are people who supply the grain, there are people who train the horses, there are the people who make the saddles or the buggies, the hardware for it.

Those jobs are all at risk if we allow the government—and perhaps the government has just overlooked this, but I somehow don't think so. I think what they'd like to do is put all their eggs in one basket and say, "Casinos, lotteries and VLTs are going to be the wave of the future; we don't have to pay anything back to the industry," whereas here they do. They have to rebate money from the taxes that they collect.

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So I urge you—and this is not putting down or saying that I'm against or my party is against the establishment of a casino. But I think, as a matter of fairness and as a matter of dealing with it in a businesslike fashion, you and all the people who represent this community should be sending a hard, loud message to the government that we're not satisfied to let the fox run the hen house. We want to preserve those jobs.

Now, rather than having asked you a question, I've tried to put you on notice that that's a significant danger.

**Mr Mills:** I thought you were supposed to ask questions.

**Mr Callahan:** My good friend from the New Democratic Party says this is the time to ask questions. I suggest to my friend from the New Democratic Party that now is the time to get the full message out in front of the public so that they know the full picture and can make decisions and make their elected representatives properly put the case before the government of the day so that it can properly look after and protect what is a significant part of your community.

**The Chair:** Mr Callahan, you've quite effectively used all your time.

**Mr Callahan:** Send me a copy of that letter. I'd like to see it.

**Mr Carr:** What was the vote on council for the resolution? Do you remember, offhand, the numbers?

**Mr Marcotte:** We are a council of seven people, and it was six to one.

**Mr Carr:** Six to one?

**Mr Marcotte:** The reservation was not so much casino gambling; we wanted more information.

**Mr Carr:** The concern that some people have expressed is similar regarding the Windsor Raceway. I'm looking at headlines from my Burlington Spectator: "Casino Could Kill Flamboro"; "Business Fears Casino Impact" the next day. Don was out there, but I'll share that with some of the members. There is some real concern out there.



If the casino comes to Windsor, and being somebody who's so close to it right now, and notwithstanding the fact that the government has said, "Let's cooperate, let's work with them," all these wonderful, nice thing that anybody would say and that anybody would hope, if the casino comes in, do you think the Windsor Raceway will close?

**Mr Marcotte:** I really don't have any idea of Mr Tom Joy's financial position, how the racetrack would have more of a negative effect. I don't really know what the dollars and cents are. Obviously it's more competition. He has a lot of competition from the US now. This would be an additional one, obviously, that he would have to address.

I also believe that at times you can take a negative and make it into a positive. If we're going to be attracting that many more people to the area, how many can he draw? How many can the Windsor Raceway draw there?

**Mr Carr:** See, they may be different than Flamboro, because of course Flamboro's a lot farther away and a lot depends on financial conditions. The parliamentary assistant has alluded to the many problems that are in that area. So it's very difficult.

I was amazed, in reading the article, and we've got some presentations coming up, at the number of spinoff jobs that are related to that industry as well. My fear is that when we're talking about the new jobs—and we're all hoping, on all sides, that Windsor Raceway can survive and the casino will and these will be all new jobs. But I want to flag it that we may be just exchanging jobs. That might not be bad if in fact—because I'm not too familiar with the racing industry. The parliamentary assistant just stepped away but said there are some major problems; that industry may have problems surviving anyway. I'm not familiar with it. So having a casino come in and replace the jobs is better than having nothing if it's going to die. It's a very, very difficult situation. Windsor Raceway, we're all hoping, will benefit and prosper. The same with Flamboro. Flamboro may die before Toronto gets one, according to some of the headlines.

Other than the good words that the parliamentary assistant says of working together and putting in the RFP that you'll do it, is there anything concrete that you know—because you've got a lot of people from your community working at the Windsor Raceway—anything else concrete the province can do other than nice words saying "hopeful" and "cooperate" and "We'll try and help"? Is there anything they could quantify and say, "This is what you should do to help that industry"?

**Mr Marcotte:** At this time, I really can't answer that, in all honesty. Whether it's a statement or a question, whatever has been posed to me, I think is worth taking back and looking at again. I really don't have an answer. To my knowledge, I have not been

involved in any specific conversation or dialogue with anybody in the industry as it relates to [inaudible] in the racing industry.

**Mr Carr:** I appreciate that because obviously the people to ask are some of the people who are coming up in that area, and I hope it will be done. I think what you've indicated is what, being nonpartisan, all parties want: somehow to do it, and to do it right. I just wanted to voice some of those concerns.

Another question is the number of jobs that are going to be created. You've heard the figures, I presume, the direct 2,500 and the spinoff jobs. Is your best guess that this is indeed what will happen in terms of the number of jobs that will come to the community?

**Mr Marcotte:** I would certainly hope so. I think some of those numbers—I've heard 25,000 or 30,000 in spinoff industries. I am not the expert; I'm not an economist. I looked at those numbers understanding that there is some fallout and that and one job creates other jobs. Basically, that's why I talked about not the casino as an employer but casino gambling as an industry. That won't even make up what we've lost over the last couple of years in job loss, but I would certainly hope so. A professional opinion, I don't have.

**Mr Carr:** I guess the big question is that jobs are evolving in all industries. It isn't just like this thing in the steel industry. Jobs are dying and you've got to move into other industries, so this isn't unique. As a matter of fact, what's happening here is similar to a lot of industries, and you've got to be ready to evolve. If the wave of the future is casinos, then that's the way you have to go. But I did want to raise some of the sensitivities which I'm sure you're aware of in the horse racing industry.

But just in terms of your background dealing with the provincial government, one of the other big concerns that has been voiced is that the community may lose control through the people running it. One of the reasons is because it isn't just going to be a Windsor casino; it's going to be the province, and the province will appoint, and will presumably appoint some people from this area. Is there anything else you think can be done in order to ensure that the community involvement is there? I think the community has done a great job. Everybody we've heard, right from the transit people to the police to the mayor, has done a pretty good job. I quite frankly trust them a lot more than I do the provincial government just because of the size. I don't want the shots to be called out of Toronto. Is there anything else the community could ask of the provincial government to ensure the people of this area remain in control of what happens with the casino?

**Mr Marcotte:** I'm sorry. I really don't have a good answer to that either. The involvement of as broad a base as possible is really what I think is going to be needed because it affects everybody in a different

manner. Really, other than that, I'm sorry; I don't have an answer.

**Mr Carr:** Thank you very much and good luck.

**The Chair:** Thank you very much for presenting before the committee today.

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ONTARIO AGRICULTURE AND  
HORSE RACING COALITION

**The Chair:** Our next presenter is Dr Glen Brown, chair of the Ontario Agriculture and Horse Racing Coalition, if you would please come forward, sir, and make yourself comfortable. Welcome to the standing committee on finance and economic affairs. You have 30 minutes within which to make your presentation and field some questions. When you're ready, please proceed.

**Dr Glen Brown:** Than you, Mr Chairman, members of the committee. I'm the chicken in the hen house, I guess, and I'm looking for the fox. He's on his way, I'm afraid.

I'd like to first of all thank you, obviously, for the opportunity to present the deep concerns of our industry that emanate from the Ontario government's decision to introduce casinos into an already crowded gaming field here in Ontario.

In the printed material that I've supplied, the first exhibit after the centre divider in the package lists the member organizations of our coalition. Their combined memberships total some 47,000. Their involvement covers everything from the growing of feed to breeding, care and training, and eventually to the provision and staffing of the actual racing facilities. It was all created and funded by the private sector.

Government itself, often through its agencies, has stated in the past that about 50,000 people derive income from our industry. The July 28 issue of Casino Update suggests that perhaps as many as 28,000 Ontario residents have full- or part-time jobs in our industry. We have not reviewed these studies, but we do know the most exhaustive study ever done on the Ontario industry was that of Rowland Dunning completed in 1987 for the government of Ontario. It indicated our industry had 45,000 full- or part-time workers. It described the industry as a labour-intensive resource industry. It revealed that our industry was responsible for \$2.2 billion in annual economic activity in Ontario, with \$350 million in purchases from Ontario's farmers and \$500 million in wages. It described the numbers employed in Canada, of which Ontario is the largest part, as exceeding those in logging and forestry, mining or fishing.

I'm not suggesting the Casino Update's guess is incorrect at 28,000, but in view of the devastating impacts our industry will suffer from casinos, that number probably is just a little premature. Given that

this government has adopted the most aggressive gaming policy in North America, our total industry soon will be just 28,000. But whether it's 45,000 or 28,000 or 18,000, how many industries in Ontario with 18,000 or more jobs is the government presently setting out to destroy? Only the horse racing industry.

Keep in mind that this government spent \$340 million over five years to protect 300 direct and 1,500 indirect jobs at de Havilland. It spent \$50 million and \$110 million on loan guarantees to save 5,000 jobs at Algoma Steel. Studies have indicated our industry will lose between 9,500 and 18,500 jobs with the opening of casinos.

The Premier said to me in a letter on January 25 of this year, "You have my assurance that maintaining the viability of horse racing in Ontario is a very important priority and will receive the serious attention it deserves." The Minister of Consumer and Commercial Relations has given similar assurances. The July 26 Casino Update states, "The government is fully committed to the horse racing industry remaining a full and active player in the gaming industry."

We have had all the assurances; what we lack are details. Being told it will be done absolutely differently in Ontario is not sufficient. Unlike New Jersey, we are told, there will not be a 33% decline in wagering. Unlike Atlantic City, where crime increased 75% in five years after casino introduction, we are told Ontario will be squeaky clean. The Windsor chief of police and Donald Trump, for that matter, seem to disagree. There has not been a single plan presented by our government to prove the end results will be any different in Ontario, other than the request in the RFP that was referred to in the last presentation to have the casino look out for Windsor Raceway in particular and the Ontario industry in general, and again we're back to the fox in the chicken coop.

We've dealt with the early initiatives suggested by the government on page 3 of our submission. These early initiatives were suggested last year. They cover a four-year tax rebate, a move that has kept Fort Erie open but has done little for the other Ontario tracks. Continuation of existing rebates, as they describe it, is absolutely essential, but they have been there for years. This is no new initiative to offset the impacts of casinos. Expansion of intertrack and simulcast activities certainly offer some growth potential, but not enough to double Ontario's wagering, as has been suggested. Indeed, the 1993 wagering may come in slightly less than 1992 after many of these initiatives have been implemented.

We had hoped, in view of the time spent and the number of deputations that have met the minister in the Ontario casino project, that some accommodation could have been developed for the horse industry. We gain no comfort when the government says, "Trust us," while at



the same time it hires consultants and commissions studies to prove that what has happened to racing in other jurisdictions will not happen here. The 28% drop in attendance and the 33% drop in wagering experienced in New Jersey will occur here.

Both the Meadowlands and the Garden State tracks have joint promotions with casinos in Atlantic City and have had for years. This is nothing new. This is not revolutionary. It didn't save them there, it certainly isn't going to do it here, but this is offered as the big, new, in thing: The casino's going to help us out.

Then, with respect to the studies, Dr Hosios, who was referred to earlier in comments, from the University of Toronto, on the first page of the study that he did for the Ontario casino project, a study that was referenced in Coopers and Lybrand, as pointed out, makes an incredible statement that reveals his total lack of understanding of our industry, and I quote, "However, since the demand for jobs concerned with the care, training and breeding of racehorses depends on the stock of horses or number of horses and does not respond to fluctuations in track attendance and wagering, it is inappropriate to convert projected wagering reductions into proportional employment reductions."

Since a \$2 wager is the sole source of income for the horse owner to pay his employees, a 33% drop in wagering means he has to cut back on the number of horses he trains, on the number of people he employs. It is so ridiculous. There is no other option for the person unless he wants to sustain incredible losses. If I could give you an analogy, this is no different than saying with respect to the automobile industry, which we're familiar with here in Windsor, that a reduction in the sale of mini-vans will have no effect on employment at the plant because it still requires the same number of man-hours to build one. It is this type of irresponsible research material that alarms our industry and that the government has relied so much upon.

What is also so disturbing is the fact that the government and its study organizations have almost totally ignored what has happened in other areas where casinos were introduced. Casinos closed harness racing in Manitoba and reduced wagering on thoroughbreds there by 30%. Casinos closed Canterbury Downs in Minnesota. Riverboat casinos opened a year ago in Illinois reduced wagering at Illinois teletheatres by 40%; all this in addition to the figures cited in New Jersey. Just this week we've learned that the Paducah track in Kentucky also took a 40% hit from some new riverboats in its area.

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The Coopers and Lybrand study does address the problem of overlap in terms of gambling preferences. They suggest, "The largest potential impacts identified by the survey would be on horse racing." They suggest only 11% to 23% of the patrons would decrease their

track attendance, a much lower experience than in New Jersey. However, the study was based on exit interviews of only 565 people over three widely separated racetracks. Their impact assessment addresses attendance only, not wagering or frequency of attendance. In this case, the whole assessment is seriously flawed in this respect. If the loss were only 11% but that 11% represented your largest bettors, the racetrack would be crippled. So to address attendance levels only and not take into account the level of wagering those people might do or the frequency of their attendance is flawed.

It's been suggested by many of those making presentations on behalf of our industry that the Ontario tax rate on parimutuel wagering is excessive. At twice the North American average and 10 times the New Jersey rate of tax, where racing competes with casinos, Ontario is only exceeded by thoroughbreds in California in terms of its tax rate. Now the industry sees its regulator, the government, introducing casinos with the tax rate for racing nearly twice what it will be charging its own casinos. That's right. We're going to continue to pay the existing tax and it will be nearly twice the tax rate they're going to charge the casino. That tax rate was set when racing had 100% of the legal gambling in Ontario. It now has 27%, thanks to the government's ventures into gambling. We are no longer a monopoly and no longer should be taxed as one. Fairness would go a long way in putting some confidence back into our industry.

Studies performed for the Ontario casino project suggest changes to the tax rate. Ontario should follow New Jersey's lead and tax racing at a half of 1%. This would not negate the impact of casinos, but it would leave Ontario's racing industry in a position to rebuild improved patron facilities and regain the ability to compete with a new casino threat. We are often criticized, as I've heard here this morning, for a lack of advertising and promotion. Perhaps we are guilty, but the high-profile, Don Cherry types of promotions that we see on television are very expensive, and the government agencies that produce those do so because of very high budgets which are beyond our means as an industry. I say this to those who criticize our publicity and promotion: You shouldn't do it; government shouldn't do it when it's rendered impotent this industry through its own policies. Thank you.

**The Chair:** Thank you very much. We have five minutes per caucus. I'm going to start with Mr Kwinter.

**Mr Kwinter:** Dr Brown, thank you for your presentation. Although you didn't read from your presentation per se, I read through it while I was listening to your presentation and some of the others. I think there's a certain naïveté in some of the assumptions about horse racing. They talk about this new industry that's coming to Windsor, this casino industry. There is one basic industry, and that is the gaming industry, and the gaming industry has subsections in it: It has lotteries, it

has horse racing, it has casinos. As I said on the very first day we were here, the amount of money available for gaming is not inelastic; it's elastic. The figure that you quote is \$417 per resident in 1991.

It isn't the sort of thing where people have to gamble, unless they have an addiction problem; it's a matter of, "Am I out of work?" Then you'll find people buying lottery tickets because they're looking for that one big hit that they think is going to solve all their problems. We know the chances of winning the lottery are less than getting struck by lightning, but that doesn't stop people from doing it. I think to assume that just because in your Request for Proposals you say to the proponent, "You've got to deal with the Windsor Raceway situation," you're asking a competitor, because you're all competing for that exact, same dollar, to say, "Look, you've got to come in here but you've got to look after your competitors, you've got to look after the restaurants, you've got to look after the hotels, you have to look after all of these things"—you know they're going to put in what I call weasel words, where they're saying they're going to use their best efforts, but certainly from the experience you've talked about in Atlantic City, that is not in their interests. Their interest is to maximize their return not only for the province but for themselves.

I think it's important to understand that there's a tradeoff. If you have the casino, there's going to be some kind of a reaction: You're not going to have possibly the Windsor Raceway, but unless something is done to deal with it in a way other than giving lipservice that you've got to sort of cooperate with them, you're not going to have them both. You're going to lose one for the other. I think you make a very good point about the taxation so that at least it minimizes the inequity that is there.

You know, I've heard several comments about the fact that racing is going down the tubes anyway and it's not relevant and this is the new wave; this is the thing that's going to really take control of the gaming industry. What is your feeling about that? I know you're concerned, but what is your feeling about the viability of the racing industry in Ontario provided all of the right moves are made so that it can be compatible with casinos?

**Dr Brown:** I think there will be some restructuring of racing. Obviously we have to have a tax adjustment. We cannot survive in this province being taxed effectively at almost twice as much as the casinos at taxes twice the North American rate. At least in New Jersey they cut it down to a half of 1%. We're paying 10 times that much.

In New Jersey, right now the Meadowlands just closed a very strong meeting, Freehold racetrack opened last weekend and had one of its strongest openings on record, so racing is viable. They're getting an intelli-

gent, a fairer treatment there from the state of New Jersey and they're doing quite well.

I think we can survive here. I think there will be some tracks that will not survive. I think too, if I could comment on the fact that they have restricted more or less the proponents doing something for Windsor Raceway, that Windsor Raceway is important, but it's a small part of the total Ontario picture. To help Windsor Raceway and not do something for the rest of the province will destroy us.

In New Jersey, where we cited the 28% drop in attendance and the 33% drop in wagering, you have to remember they kept all the casinos down in one corner of the state, in Atlantic City. The Meadowlands racetrack is 105 miles away and it was impacted to that extent, so don't think that just the Windsor racetrack is going to be hurt.

When you talk about the employees at the Windsor racetrack, as the previous person did, he was only talking about those employed by Windsor Raceway. He wasn't talking about the hundreds who are looking after the horses and working for owners and trainers in the back stretch. That seems to be overlooked all the time. There are a lot of people in this industry responsible for the care and training and, as someone pointed out earlier, the feed and the equipment and all that sort of stuff. So those people have to be considered, not just the employees at the racetrack. Yes, they're important, but I'll tell you that those people on the back stretch are not part-time as described about the mutual clerks on the front side. Virtually all of them are full-time and they have no transferable skills. These people are welfare cases. There's no other way.

I've been 35 years in this business and I've met thousands of them. Those people are usually high school dropouts. They start to work for their father or their uncle or a friend, grooming horses. They work their way up. They may become trainers, they may become drivers, they may become tremendously successful or they may stay at the level they're at. They're very skilled at what they do but they have no other skills, no transferable skills. If you start talking about \$100 million coming from this place and you start talking about anywhere from 8,000 to 18,000 jobs and start paying the welfare tab, how much is left for the province?

A lot of these things have not been researched, and to me, this is a joke, to have a study come out from Coopers and Lybrand when we gave evidence before those people back in the first week of April, with the study due to be completed the middle of April, and it is now presented to everyone, you and the world, after second reading and after they have the bidding process going. We asked for an economic impact study at the outset of this thing. You know, a lot of these groups, as you all know—you've all been involved in this—how



often must they say, "What time of day do you want it to read?" They'll tell you anything you want them to tell you when they go and do these studies.

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**Mr Callahan:** That's called consulting.

**Dr Brown:** That's consulting.

**Mr Kwinter:** No, the classic definition of a consultant is, a man borrows your watch and tells you what time it is.

**Mr Callahan:** Or tells you what time you'd like to have it at.

**The Chair:** We'll move on to Mr Eves.

**Mr Eves:** I'll try not to talk about watches.

I don't know if you've had the opportunity to see this presentation that was made by the ministry to the committee this week. I'll read you a few paragraphs from the impact, as they call it, key considerations, impact on horse racing industry, wagering and employment. They use the University of Toronto professor's numbers to a certain degree. In it, it states:

"The number of full-time equivalent jobs does not exceed 25,000 and may in fact be less than 18,000; decreases in wagering in the order of 5% to 10% at a maximum; proportional job losses in the 900- to 1,800-job range."

It talks about:

"The above effects are estimated in the absence of mitigating efforts including expanding and improving the gambling product offered at tracks, introducing offtrack betting at casinos and joint marketing efforts. With such mitigating efforts, the effect of casino gambling on the horse racing industry will be minimal."

The next page goes on to state:

"The health of the horse racing industry has been in decline for the past decade—before a single casino has opened. The government is committed to introducing casinos on a cooperative basis with the Ontario horse racing industry, not in competition with it. The Request for Proposals in the Windsor casino states: 'The casino complex is expected to work cooperatively with the Windsor Raceway, in particular, and to be sensitive to the Ontario horse racing industry, in general.'"

Those are a few of the primary paragraphs in what would be appear to be at least the ministry's and the government's point of view on the horse racing industry. Could I have a couple of comments from you on those broad statements?

And in case I don't get to ask another question, I would like to put it to you now. I understand that it's probably the horse racing industry's wish that there not be casino gambling in the province of Ontario. However, being a realist, you must surely have come to realize by now that I think that is probably wishful thinking on the horse racing industry's part. Assuming

that casino gambling in the province will be a given, what steps do you feel the province of Ontario should take to protect the horse racing industry as it exists in the province today?

**Dr Brown:** To answer your first question, I want to make one comment on something you read out of that which is a little different than my understanding of what was said earlier about what the casino people are supposed to do with Windsor Raceway. They're expected to work, not required to work.

**Mr Eves:** That's a direct quote.

**Dr Brown:** Interesting wording.

I think that what the horse racing industry obviously needs, number one, it's got to have that tax adjusted. That's got to be done or there's no hope of our survival. Secondly, I cannot see the need—of course I'm not in treasury—to have casinos dotted all over this province. As I said earlier, they kept them down in one corner of New Jersey and at least they only have the policing problems and the other problems in one community.

I think that if there was an enlightened approach to taxation, if the casino was confined to Windsor, the enlightened approach to taxation would allow the better tracks—let's face it; some will not survive. I can't see, close to here, Sarnia, Dresden, even London, as far as that goes. They're too close to the casino. But some tracks will survive throughout this province if they kept it confined down here, and with the enlightened tax approach, those tracks could become competitive. Yes, their racing could be marketed in the casino. But they could become competitive. They could finance the development of teletheatres and other things throughout Ontario and leave that market to them and support those jobs.

In the numbers that you referred to, or you read, Mr Eves, from that report prepared by the person at the University of Toronto, of course he chose to totally ignore the owner, because he said the owners aren't employed. So they're a nothing, they're a non-entity. I'll tell you, if you were in the horse business, it does not survive without the owners. The owners pay the bills. But he totally ignored them in that study, besides saying that a reduction in wagering doesn't affect employment levels at the track, which is just incomprehensible.

In terms of the decline you referred to over the past decade, racing had its heyday and we'll never go back to those days, I'm sure of that, to the level it once was, but it enjoyed that heyday at a time before government decided to get into the gambling business with lotteries. Pro Line sports, introduced last fall in Toronto, dropped the wagering at Greenwood racetrack 7% in the first week, and anybody from the casino project team or any other of these hired guns who write these reports who tell you it's a different crowd or they're not affected by

these others is off base. They're all wet. Pro Line dropped wagering 7%.

I mentioned in my statement that the most aggressive gaming policy in North America—it is the most aggressive. Pro Line sports is banned in 47 states in the United States, but we're gung-ho. We're going right through it. It's the most popular extracurricular activity in all of our school system right now, and you all know that. But it's generating some money.

**Mr Callahan:** It's better to buy that than lunch money, I guess.

**Mr Dadamo:** Sir, let me preface my remarks by saying that I have the Windsor Raceway in the riding which I represent at Queen's Park, I've had extensive conversations with Tom Joy, the owner, I've been in and out of that raceway for the last two and a half years, so I kind of know what I'm about to say.

In an article from Eugene Martin Christiansen, "Harness Racing and the New Competition, or What to do About Lotteries"—Mr Christiansen is special assistant to the New York City Off-Track Betting Corp. Now, these are his words. He says:

"Given the way the public is treated at many harness tracks, given the gambling and entertainment alternatives, the wonder is not that harness racing is losing market share. The wonder is that the sport is doing as well as it is."

I can't help but feel that your industry has been in peril for many years and that you're using the casino or the founding of this idea to lay blame on the government, and I take offence at that, sir.

I've spoken to Tom Joy. Tom came from the steel industry for many years. He's well over retirement age, God bless him. He spent time in St Catharines. He sort of stumbled into the racing industry. But I find Mr Joy to be creative, ingenious and forward-thinking.

I want to lift some information from the Windsor Star, dated this week, Tuesday, August 17, 1993. The reporter says:

"Thirteen racing and horse industry groups intend to address the casino legislation committee over the coming weeks. Windsor Raceway's position is not represented by any of the groups. Mr Joy says: 'They want us to fail. Then they can point to us and say, 'See what casino gambling is doing to the industry.'"

What I'm asking you is, how forward-thinking are you and what are you about to do to react to an idea that is mainstream North America, that casinos are coming, and what are you going to do?

This article, by the way, was written in 1985. What's happened since 1985 to respond to what's happening to your horse industry?

**Dr Brown:** Well, I'm sorry, first of all, that you take offence about what I said about government's role in

our decline, because if you check the historical facts, our decline commenced when lotteries started. It wasn't this government, it was another government or two governments ago, but that's when the decline started.

It goes right back to something that was mentioned here earlier—someone read a portion out of here—the \$471 per cap in the province of Ontario. There are only so many wagering dollars to go around, and you introduce another factor and you have to affect the others. You're going to affect the lotteries. You're going to affect a lot of other forms of gambling. The charity casinos that are presently almost going on uncontrolled in the city of Toronto at least, and in other communities as well, have to be impacted.

I'm sorry; I may have missed the last part of your question.

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**Mr Dadamo:** I'm just wondering, when you sit around your table, and, you know, you're sitting with some movers and shakers, for heaven's sakes, what do you talk about? I mean, what are we going to do about this industry?

**Dr Brown:** What do we talk about?

**Mr Dadamo:** People want casinos. I mean, what do you do now? Do you eliminate lotteries?

**Dr Brown:** How do you know people want this thing?

**Mr Dadamo:** People want casinos.

**Dr Brown:** How do you know people want this?

**Mr Dadamo:** Well, 71% of the people—

**Dr Brown:** This government—

**Mr Dadamo:** Just a second, 71% of the people in this city are waiting for casinos, I say to you, and as I said earlier, it's mainstream. People want it. What do you say now to people who buy lottery tickets? If you lay some of the blame on people who spend money on lotteries, do we do away with lotteries?

**Dr Brown:** No.

**Mr Dadamo:** You can't do that.

**Dr Brown:** I didn't say that, but I don't know how you can possibly say that the people want it or quote statistics when in fact this government will not hold a referendum. It has been challenged whether they legally can hold one or not. I don't know. They held one on Meech Lake. There's been four across the river in Detroit and they've all lost. I don't know how you can say, without that type of backup information, that the people want it. And must we restrict the people to just the people of Windsor? What about the rest of the province? They haven't been sampled. Maybe you've had a sample in Windsor and there's 71%. You haven't sampled the rest of the province, and we are all one province.



**Mr Dadamo:** There are major cities in this province which are waiting for casinos. Sir, this is a pilot project. Pilot means that it's to be tried out, and if it works here, there are other cities that are waiting for casino gambling to come to town. I mean, that's a reality. I don't know where you've been. It's there.

I'll walk you hand in hand down Ouellette Avenue here. I'll take the mayor with us, and we'll ask people what they're saying about casinos to Windsor. I'll guarantee you that nine out of 10 people are going to say, "When is it coming?"

**Mr Callahan:** What about the employees of Windsor Raceway?

**Mr Dadamo:** People want it.

**Dr Brown:** You know, it's funny, I read a quote of what Donald Trump had to say on Venture. He said that those that have it, if they were asked again, would vote to throw it out.

But you asked what we do when we sit around in our councils. We're concerned. We're very concerned about an industry that we have spent—myself, I've spent 35 years in helping develop this industry. We employ quite a few people at our own operation. I look at those people, and I say: "Where are they going? What are they going to do?" And all because we've got some tax-driven initiative that is going to, in the minds of some people, solve all the problems of the city of Windsor, which in fact it hasn't done in other communities where the casinos have been introduced.

So what do we do when we sit around? We're damned worried. We're concerned, and we're more than concerned by the fact that we're only getting lip service from the government. How can they spend all winter—the minister and the casino project team sat there and talked to everybody in our industry; everybody on that list has been in there to see them and hear all of our complaints—and not come up with a single constructive idea or plan to do anything for us? That's what concerns us, and that's what concerns everybody in this industry.

**Mr Dadamo:** But, you know, to all those good people at the Windsor racetrack, I say to you this, and I show you this in the newspaper on Tuesday: Look at the sketches, and look how they're reacting to a casino that is coming directly on their turf. They're saying, "This has got to be a win-win situation." These are people who are not going to back down, are not going public in even criticizing the government. They're saying, "Fine, if the mainstream says that casinos are coming to the city, then we're not gonna roll over and play dead." There are many hundreds of people who work at the racetrack, and they're about to do something like concerts and they're going to take the land that they have at the Windsor Raceway and they're going to use it. So why can't you follow the people like Tom Joy

and say: "Hey, this not bad. This is what we want to do. We want to create something new and exciting."

**Dr Brown:** I got a letter last winter from the minister, and the minister said even Tom Joy feels that he's going to have increased attendance at his racetrack. I picked up the telephone—no, as a matter of fact I didn't. I faxed the letter to Tom Joy and I said: "Could you possibly have believed—what is different about your racetrack than any other racetrack in the world that has had a casino dropped in next door that you can possibly increase your attendance?"

It was a Sunday morning when I did it, and I didn't realize that Windsor Raceway was open that afternoon. I got a call that afternoon from Tom Joy and he denied that he'd ever said that. He said he has told the casino project team and the people in the ministry that the casino would close his racetrack. He may have changed since then. There's a lot of water gone under the bridge since then. I don't know.

This that you read, the people are embracing it, is it Tom Joy or is it the employees at Windsor racetrack? I didn't read the story.

**Mr Dadamo:** It's Tom Joy, and let me say to you that Tom could have closed the track three years ago and chose not to because he believed in the community. He believed in Windsor, he believed in La Salle, and he didn't want to put all these people on welfare or unemployment. That's why he's still in business.

**Dr Brown:** I believe Tom Joy—

**Mr Dadamo:** I don't think it's the track; I think it's what's—

**The Chair:** Unfortunately our time has expired. I want to thank Dr Brown for presenting before the committee today.

**Mr McClelland:** Point of order, Mr Chair: Surely out of courtesy you'd let the gentleman respond to the question.

**Mr Callahan:** That's sort of a rhetorical question hanging out there.

**The Chair:** I want to say that I allowed that to go on. The Chair has been very generous. I want you to know that, and we've heard conversation many minutes beyond and we have another presenter.

**Mr McClelland:** I understand, but it seems common courtesy you don't leave somebody hanging without an opportunity to respond to somebody's rhetorical—

**The Chair:** Mr McClelland, I just want to let you know. With the dialogue that was taking place, I was waiting for someone to conclude. That hasn't happened. We could go on continually, I suspect, with someone expecting the next person to respond.

**Dr Brown:** You're correct. We could go on.

**The Chair:** Yes. Thank you very much, Dr Brown, for attending today.

**Dr Brown:** Thank you.

HIRAM WALKER AND SONS LTD

**The Chair:** Our next presenter is Hiram Walker and Sons Ltd and Karen Mingay is public relations manager. If you would please come forward and make yourself comfortable.

**Mr Callahan:** Is that lunch?

**Mr Duignan:** A few samples?

**Ms Karen Mingay:** You won't believe what's inside.

**The Chair:** Ms Mingay, you have 30 minutes for your presentation. You may use all that for your presentation or leave some time for questions from committee members.

**Ms Mingay:** I actually intend to be quite brief. Can everyone hear me fine? I'm not used to these microphone systems.

Honourable Chairman, members of the committee, good afternoon and thank you for the opportunity to present to you today the views of Hiram Walker on the issue of casino gambling coming to Windsor. I understand that you have already sat through 35 presentations over the past three days from various members of our community and that you most likely have been bombarded with facts, figures and opinions relating to this very hot issue. As I have the dubious honour of bringing up the rear, you may breathe a sign of relief, knowing that I will attempt to be very brief.

My name is Karen Mingay and I'm manager of public relations and communications for Hiram Walker and Sons Ltd, located here in Windsor. I do not intend to debate the specifics of Bill 8. Should the legal age be 19 or 21? Should the promises of Minister Churley regarding limited casino foodservice be enshrined in the legislation or not? We leave these issues in the hands of the politicians, who we believe will put the best interests of the community forward.

Hiram Walker has always been a responsible producer and promoter of distilled spirits consumption and we intend to continue this responsibility. However, we are here today to show our full support of the initiative for casino gambling in Windsor and I will spend the new few minutes explaining why.

Hiram Walker has a vested interest in the future prosperity of Windsor and surrounding communities. I'd like to begin by giving you a brief profile of our company so that you may put our views into perspective.

Hiram Walker and Sons Ltd, which has been in business in Windsor for 135 years, is a producer of quality distilled spirits which are marketed throughout Canada and around the world. Our flagship brand, Canadian Club, is the most famous and is one of Canada's best-known exports. In case there's any doubt in your mind as to just how good this "made in

Windsor, enjoyed around the world" product is, I brought some samples for each of you to take home and as a souvenir of your trip to Windsor. I bet you nobody else has done that.

**1240**

We are a major employer in this community. Hiram Walker and Sons Ltd currently employs 573 hourly and salaried people in our Walkerville headquarters and we have an annual payroll in excess of \$8 million. Additionally, our other Hiram Walker affiliates, located alongside us, account for another 341 employees. That totals over 900 able bodies and minds who work for Hiram Walker companies in Windsor and who live in the area.

We are also a major contributor to the coffers of local municipal governments, paying approximately \$6 million annually in property and other business taxes.

We consider ourselves good corporate citizens, generously supporting local cultural, educational and charitable facilities.

As I said, Hiram Walker and Sons Ltd has a vested interest in the future prosperity of the Windsor and surrounding area as it affects our employees and their families. When Windsor hurts we all hurt, but when Windsor booms we all prosper.

Unfortunately, business is not booming for us these days. The future viability of the distilled spirits industry in Ontario is severely threatened by a spiralling decline in sales, fuelled primarily by high retail prices which are the result of exorbitant and unfair taxes. In this province, distilled spirits are taxed at a rate of 83% of the retail price compared to 58% for beer and 61% for wine. By way of contrast, taxation on spirits in the USA accounts on average for 42% of the retail price, half of that in Ontario. The subsequently vast price differential between Canada and the US has resulted in massive smuggling and illegal production among Ontarians. The LLBO estimates this loss in the range of \$726 million, or two million cases of spirits per year.

A bold alternative has been recently proposed by the Association of Canadian Distillers to the Ontario Minister of Finance to help the distilled spirits industry in Ontario and the over 6,000 jobs that are directly and indirectly generated, but this is an issue for another discussion on another day. I address this issue simply to make a point: In view of the fact that many government initiatives seem to result in bad news for our economy, it is extremely refreshing to know that the operation of a casino in Windsor will provide the opportunity for millions of lost dollars to come home.

You have heard from Mayor Hurst and Mr Deneau of the Convention and Visitors Bureau as to why Windsor is such a prime choice for the site of the first permanent year-round casino in Ontario. We heartily agree that not only does Windsor stand to benefit greatly from the



increased number of visitors to the casino, but also that this area has a lot to offer. We at Hiram Walker are very excited about the potential increased exposure for our company and our products and I can tell you that we have preliminary plans in place for developing our distillery tour and visitor program to make it a destination of choice for some of the 12,000-a-day new visitors to this city.

Our industry is closely tied to the hospitality business. The location of the casino in the downtown core will certainly be a catalyst for the rejuvenation of existing restaurants and licensed establishments and offer the opportunity for growth and expansion. We believe the key word here is "opportunity." As Mayor Hurst put it so eloquently, success is the intersection of opportunity and hard work.

No one has the right to expect success to fall into their lap, and evidence shows that this community will work hard, very hard, to earn the economic benefits which are key to our prosperity. We at Hiram Walker are very excited about these opportunities and we will be working very closely with our licensed sales rep to make sure that every potential consumer knows that he or she is visiting the home of Canadian Club.

The increased jobs will be a very welcome relief to this community and the increased economic activity can make this town boom. We are not blind to the potential negative effects but we do believe that our community leaders have done and will continue to do everything in their power to minimize the downside.

The introduction of casino gambling in downtown Windsor will breathe new life into this community and give us the chance to once again prosper. Hiram Walker is a big part of this community, and we herald this initiative.

Casino gambling in Windsor is not the solution to our industry's problems. As I said, that is another discussion for another day. However, Hiram Walker will be seizing every opportunity to maximize any benefit and, heaven forbid, Minister Churley, we may even dare to have fun.

**The Chair:** Thank you very much for your presentation. It's unfortunate that you followed a presentation that caused some controversy because it seems that everybody's left. But, trust me, we take your presentation very seriously and we have approximately a little more than four minutes per caucus to ask Ms Mingay some questions.

**Mr Kwinter:** Ms Mingay, there's an issue that I'm sure Hiram Walker has a direct interest in and it seems to come up quite regularly by most of the presenters, and that is the whole issue of the provision of the age of 19 for access to the casino. The proposal is that it be 19. The mayor, the police chief and many others are suggesting that it be 21. Do you have any feeling on that issue?

**Ms Mingay:** Our position is that we are a responsible company. Nineteen is the legal age of majority in Ontario. However, there does seem to be a lot of substantiated support for it to be increased to 21. Again, as I said before, we leave that up to the community leaders. We believe that if that's what they believe the community wants and needs, then we would support anything the community wants.

**Mr Kwinter:** What about the issue of allowing drinking at the tables, do you have a feeling about that?

**Ms Mingay:** Once again, we operate in the province of Ontario. As much as I have perhaps done a little bit of government bashing here, the LCBO is our largest customer in the world. We operate within the guidelines in the province of Ontario and if that is the law, which it is, then we will operate within that. We believe there is so much opportunity out there that we don't need to worry about the negative things like: "You can't do this. You can't do that." We believe there's enough "can do" opportunities that we can take full advantage of and that is where we will be putting our emphasis.

**Mr Kwinter:** Just so you understand, the purpose of my questioning is not to try to get your statement as a representative of a distillery. The point is, you are in the industry and I know, in the same way that you're not happy with the taxation, you comply. You're law-abiding, good corporate citizens; you pay your taxes; you may not be happy about it. It's the same thing. You follow the LCBO and the LLBO regulations and if the age of majority is 19, that's fine; if it's 21, that's fine.

What I'm trying to get from you is—notwithstanding those are the laws—as an industry, and you represent a specific industry that is directly impacted by Bill 8, because the main purpose of the 19, that went from 18 to 19, had primarily to do with liquor consumption. The problems that have been identified by the police chief are that, because the legal age for drinking is 21 in Michigan, the 19- to 21-year-olds come to Windsor because they are eligible to drink here. That also is going to mean that, according to the proposed legislation, they're going to be able to come into the casinos as well.

I'm not asking you as a law-abiding citizen, are you going to abide by the laws? I just take that as a given. What I'm trying to find out from you is that, notwithstanding the law, as a spokesperson for your industry, if you had your druthers, what would you like to see?

**Ms Mingay:** Why don't we split the difference? No. This is a very sensitive issue. We don't believe you can have one age of majority in one particular location. Is this then something that they are advising would be all across Windsor licensed establishments or would it be only in the casino? Again, our position would be, if the community says it is important enough that we restrict the casino to 21, we want to do what is responsible for the community.

**Mr Kwinter:** I think you make a very valid point that if they were to raise it to 21 and use that as a rationale for the gambling, then what do you do with every other jurisdiction? What do you do about allowing people to buy, say, lottery tickets or everything else?

1250

**Ms Mingay:** It opens up a can of worms.

**Mr Kwinter:** Exactly.

**Mr Carr:** Thank you for your presentation. Along the same lines, what the government seems to be doing by saying, "No liquor," is trying appease some of the groups and then, of course, through regulation they can do it.

Let's take an example: Some of the Americans, the first time they come over to the casino and see that they can't do like they can do in the States, I think they're going to just laugh and say: "What's this? You've got a casino but you can't drink." What is your assessment of the patterns of drinking habits? Do you think not having alcohol will hurt the casino attendance?

**Ms Mingay:** My understanding is alcohol will be in a licensed lounge; it just will not be allowed to be consumed at the tables—

**Mr Carr:** Like you can do in the States.

**Ms Mingay:** —and, again, if that is what is needed to control consumption, then we would support that.

**Mr Carr:** But what about in terms of what the customer wants? What do you think they want? Because you're right, they can get it in the restaurant, but—

**Ms Mingay:** In Las Vegas you can get it free, too, but that's never going to happen here.

**Mr Carr:** So you don't see that as being a concern?

**Ms Mingay:** Not a major one.

**Mr Carr:** Another question along the same lines: The problem, and I think you identified it, is the tax situation with free products primarily but it too will be affected, the cigarettes and liquor. How do you think our rates compare? The other problem I heard of happening in Toronto, the Metro Toronto convention people, the first time they get a convention come in, people go out and buy a drink—not that the cost of your product is higher, but it is by the time the taxes go on—that a lot of Americans hit the roof and can't believe the cost. Do you think that will kill some of the people coming across when they go out and see the cost of liquor versus the United States?

**Ms Mingay:** That happens to a certain extent now. As I mentioned, the Association of Canadian Distillers is working very hard lobbying the government to help alleviate some of that situation. Again, we take a very proactive role in something like that because, yes, the prices are outstanding, overwhelming for Americans coming over, as are tobacco and many other—

**Mr Carr:** Our best hope isn't to lower our taxes because I don't think that will ever happen, particularly in this current government, although with what's happening in the States, they seem to be following a trend of increasing taxes on a lot of commodities. But it's just something to point out because I think we've put a lot together in this and we're hoping to attract customers.

But all the things that you look at—and I think the government hasn't looked at it from the US consumer standpoint.

From a marketing standpoint, what they want—and because my background is in marketing, I may be a little bit too concerned with this, but my fear is that we're setting up all this, going through this entire trauma—you heard the previous presenter and what will happen to the horse racing industry—and going through all this. One of the biggest impediments will be something stupid like we haven't thought of what the US customers want, which are going to be 80% of the people coming over.

Mark my words, in the consumer industry—because you know that—you don't get another chance at it. If we don't do it properly and if they come over and the first thing they do is laugh at us because we don't have drinks in the casinos or that the prices are too high that they never come back, this whole exercise will be worthless.

I don't hope that happens, nobody in this room does, but these are some of the things I think we have to be concerned about. I can tell you, just opening up a casino isn't going to have people flocking over here unless you do it right and properly.

I thank you for the input and I hope things go well for the company.

**Mr Lessard:** Thank you very much for your presentation, Ms Mingay, because it gives me an opportunity to explain to my colleagues some of the historical basis for the naming of my riding, Windsor-Walkerville. Many times when I introduce myself to people I explain to them that Walkerville is the home of Canadian Club, and when you hand out the bottles people will notice that's the name on the bottle: Walkerville.

**Mr Callahan:** —got your name on it.

**Mr Lessard:** I not only represent a riding that's named after Hiram Walker, a man of incredible vision, I think, in the choice of his location on the Detroit waterfront to put his plant, but also I live close enough to the plant that when they're cooking up the beer mash, I can smell it very well and I can see the grain cars coming and going from the plant—

**Ms Mingay:** We call that the smell of success.

**Mr Lessard:** —and I can attest to the fact that they're good corporate citizens. They get involved in the community; they have a visitor centre that is excellent



and is used by volunteer groups in the city on a regular basis and has beautifully manicured grounds around the plant. I know the visitor centre will be useful for tourism when it does increase as a result of the casino.

Unfortunately, the committee's been so involved with hearings during the day here we weren't able to take advantage of the tour, but I would urge my colleagues to do that some time when they have an opportunity.

I know it's one of the highest taxpayers in the city of Windsor and the mayor, when he originally started out, mentioned the three others, the auto-related businesses. I wanted an opportunity to add "Hiram Walker's there," and didn't get a chance and I'm happy to make that point now.

Another point I wanted to make is that, as in horse racing, the distillery business is a highly regulated one that's been subject not only to inequitable taxation between beer and wine and distilled spirits, which is something I've been working with the distillers' association to try to correct, but it's also a business that's been able to respond to changes in demands in the marketplace, and they've been able to do that as other businesses will have to as a result of casino gambling, I suppose.

I don't really have any question as a result of that, but just want to thank you for your attendance. I know my colleague the parliamentary assistant does have some comments as well.

**Mr Duignan:** Thank you. It was my pleasure earlier in the year to pay an official visit to your plant and it was indeed an enjoyable—

**Mr Callahan:** Have they recovered yet or what?

**Ms Mingay:** I was on maternity leave at the time.

**Mr Duignan:** Indeed, it was an enjoyable event. Your industry is facing some difficult times and has some problems. I know that the association, along with your president—we've met since then and hopefully over the coming months we'll be working with the industry to try to sort out and solve some of the problems of that industry.

Someone made reference to the fact that the legal age required would be 19 or 21, and indeed it was brought up quite often over the hearings of the last week. The problem we have now, we have some legal opinion that it wouldn't withstand a—

**Mr Callahan:** Is that being faxed to us or what?

**Mr Duignan:** —charter challenge to the courts or

under the Human Rights Code, because there's a whole question of a legal problem and you made a very good point. If you raise the age to 21 for a casino, what happens to the rest of the city? Do you do it for the whole city or just for the province? Does that stop someone going into the casino to buy a drink? There is a whole series of questions that need to be answered there.

Also, the fact that a casino, like anything else, will have to abide by the liquor regulations in this province. But as you know, exemptions were given to the charitable casinos. They're allowed to bring their drinks to the table and, sure, like anything else, regulations can change.

Again, I thank you for making a presentation and appearing before the committee. Your concerns have been noted.

**The Chair:** That concludes our 30 minutes. I want to thank Ms Mingay, representing Hiram Walker and Sons Ltd, for being the last presenter before the standing committee on finance and economic affairs. I see Mr Dadamo wants to say something, but I want to thank you for sending us home with good spirits.

**Mr Dadamo:** That's a good one. I'd like to thank a few people. My colleague Wayne Lessard made the opening and we'll do the closing, and I appreciate for the time.

I want to thank people like Jane Boyd, who is the executive assistant in the mayor's office, and the mayor's office for helping to line up the presenters we've had all this week here in Windsor.

Thanks to the ministry staff for being here; the Cleary International Centre; committee members, of course; the committee clerk and her staff for all they've done; those who have sat in the audience, some familiar faces since Monday listening and watching—we should really find you another hobby—and all the presenters before us. We hope you'll come back to the opening of the newest casino or the first casino in Ontario when the time comes. Thank you very much and we'll see you next week in Toronto.

**The Chair:** I just want to remind the committee members and those who are travelling with the committee that we are to catch our mini-vans at 1:45 out in front of the hotel. This committee is adjourned until Monday at 2 pm in Toronto.

The committee adjourned at 1258.





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## Legislative Assembly of Ontario

Third Intersession, 35th Parliament

## Assemblée législative de l'Ontario

Troisième intersession, 35<sup>e</sup> législature

# Official Report of Debates (Hansard)

Monday 23 August 1993

# Journal des débats (Hansard)

Lundi 23 août 1993

Standing committee on  
finance and economic affairs

Comité permanent des finances  
et des affaires économiques

Ontario Casino Corporation Act, 1993

Loi de 1993 sur la Société  
des casinos de l'Ontario

Chair: Paul R. Johnson  
Clerk: Tonia Grannum

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## STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Monday 23 August 1993

The committee met at 1400 in the Huron Room, Macdonald Block, Toronto.

## ONTARIO CASINO CORPORATION ACT, 1993

LOI DE 1993 SUR LA SOCIÉTÉ  
DES CASINOS DE L'ONTARIO

Consideration of Bill 8, An Act to provide for the control of casinos through the establishment of the Ontario Casino Corporation and to provide for certain other matters related to casinos / Loi prévoyant la réglementation des casinos par la création de la Société des casinos de l'Ontario et traitant de certaines autres questions relatives aux casinos.

**The Chair (Mr Paul R. Johnson):** The standing committee on finance and economic affairs will come to order. Today is the first day of the second week of hearings on Bill 8, An Act to provide for the control of casinos through the establishment of the Ontario Casino Corporation and to provide for certain other matters related to casinos.

HORSEMEN'S BENEVOLENT AND PROTECTIVE  
ASSOCIATION OF ONTARIO

**The Chair:** Our first presenter today is the Horsemen's Benevolent and Protective Association of Ontario. Stephen Klugman is the secretary-treasurer. Welcome to the committee. You have half an hour to make your presentation. You may use all of that time for your presentation or leave some time for questions from the committee members. You may proceed.

**Mr Stephen Klugman:** Mr Chairman and members of the committee, I would like to thank you for the opportunity to be here today to present to you the very real concerns casinos present to the men and women our organization represents.

The Horsemen's Benevolent and Protective Association of Ontario's membership is comprised of 2,900 licensed owners and trainers of thoroughbred horses. Add to that the 2,500 men and women who comprise the workforce necessary to properly care for and train the 4,000 thoroughbred horses for racing in Ontario in an industry which has a \$2.2 billion economic impact in the province of Ontario.

I'm aware that you have received a submission from the Ontario Agriculture and Horse Racing Coalition on behalf of the 47,000 people it represents, which also includes our association. I have included in my submission to you a copy of a presentation to Minister Churley for your informational purposes. I, however, am here representing our members and their employees.

The horsemen I represent feel slighted in the manner in which we appear to have been ignored by govern-

ment, the casino project, Coopers and Lybrand and virtually everyone who has been involved in the decision-making about casinos in Ontario. Our most immediate concern is the recent Coopers and Lybrand study, which completely misrepresents the extent of the danger casinos present to horse racing. The Ontario casino project commission of a Coopers and Lybrand study without having this consulting firm contact the industry is baffling.

It is puzzling that a study could be conducted on the effects casinos would have on the horse racing industry without anyone from the horsemen's association being asked to provide information. We question the validity of a study that excludes information from an important source such as the horsemen. While we have not had an opportunity to fully evaluate the entire study, certain statements in the executive summary do cause us in the industry to take exception.

Page 7 of the executive summary indicates that, "The introduction of casino gaming may reduce horse race wagering in Ontario by between 5% and 10%." Surely Coopers and Lybrand had access to a Price Waterhouse study of September 21, 1992, which indicated that casino gaming would have a potential negative impact of 19% to 37% and a proportional loss of between 9,500 and 18,500 industry jobs in the medium term.

I hope members of this committee have not been misled by Coopers and Lybrand's understatement of the potential negative impacts casinos would have in Ontario. Our members are certainly not. In fact, they are frightened about their future and their jobs. You must realize that the majority of those who work in the horse industry have untransferable skills. They are eager, dedicated individuals with a true love for the horse as an animal and an unequalled respect for it as their only source of income.

Loss of jobs in the racing industry could spell disaster for the many men and women who would be affected by the impacts of casinos. These people have nowhere else to go, nowhere else to ply their respective trades of caring for the horses and a skill set for which there is no other ready market. They will surely become statistics of the provincial and federal social assistance programs.

Furthermore, a 19% to 37% negative impact on wagering and attendance will deplete the revenue for purses to such an extent that owners will cut back on the buying of horses because of a continued reduction in purses and increases in costs. Many will get out of the business. Accordingly, those who breed horses for



sale will cut back their operations because of a depletion of their market.

The Coopers and Lybrand study indicates that potential impacts can be mitigated by broadening its marketing base. Horsemen have never been directly involved in the marketing of racing. That, traditionally, has been the responsibility of racetracks. They have done the best they can, given the resources they have.

The suggestion that the industry embark on a major promotional effort to broaden its market base in the face of the competitive threat of casinos is frankly naïve. If Coopers and Lybrand had researched, it may have discovered that the revenues for such a venture are very scarce and becoming more so each year. In fact, the Ontario Jockey Club has recently announced a proposal to close Greenwood Race Track for consolidation purposes, following an announced loss of \$3.5 million in 1992 and a projected loss of \$7 million in 1993. Is the Ontario Jockey Club expected to launch a massive marketing effort to attract families and young adults?

Racing in Ontario has its problems; of that there is no doubt. Inherent in these problems is the fact that while racing was once a monopoly for the wagering dollar in Ontario, it now only represents 18% of the market share for the wagered dollar, according to a study done by Christiansen/Cummings Associates Inc entitled *The Implications of Casinos for Horse Racing in Ontario*.

I wonder too if this study has figured into the considerations of the economic impact made by the Ontario casino project and Coopers and Lybrand. It certainly should be reviewed by this committee.

Racing was once a monopoly in Ontario and was treated as such by the provincial government, which imposed a tax that to this day remains the highest of any racetrack in North America, with the exception of California.

Racing is no longer the gambling monopoly it was, yet the government continues to treat racing as such with the continuing imposition of the high tax. New Jersey racing, for example, which must compete with the casinos of Atlantic City, does so on at least a more level playing field. Racing there is only subject to a 0.5% tax from government, compared with Ontario's net 5% tax.

Casinos introduced alongside racetracks have proven disastrous to racing. Canterbury Downs in Minnesota has closed. Harness racing in Manitoba has closed and thoroughbred wagering at Manitoba's Assiniboia Downs declined 33% after casinos were introduced. Other areas have witnessed dramatic reductions in business levels. It is these figures that scare our industry and seem to be ignored by the provincial government eyeing the self-serving revenue hinted at by the Coopers and Lybrand study.

Horsemen in Ontario—owners, trainers and the many

workers—feel betrayed by a government that is the recipient of annual contributions in the millions of dollars from tax revenue which horsemen quite honestly believe they earn for government. Horsemen basically have asked for little in return; however, now we're asking.

What we ask for now is that government take the time to listen to the collective voices of thoroughbred horsemen and not only assure us that racing will not be impacted by casinos, but give us concrete evidence as to how this will take place. We have heard no proposals from the Ontario casino project, the provincial government or the bidders for the Windsor casino that would adequately deal with the economic disruption which would be wrought on our members.

We have heard no suggestions about how a marketing effort could be financed by an already punitively taxed industry which is already seeing declining revenues. We have heard no one suggest that horsemen need to be at the table when decisions are made about casinos which threaten their livelihood. Thoroughbred horsemen are waiting to hear; in fact, the entire industry is waiting to hear.

That's the completion of my presentation. I'll be happy to take any questions at this point in time.

**The Chair:** Thank you very much, Mr Klugman. We have approximately seven minutes per caucus.

**Mr Monte Kwinter (Wilson Heights):** Mr Klugman, I was interested to hear your presentation and the concerns that you have for the racing industry. One of the things that I find strange about this whole relationship is that there isn't a recognition of the differences of the various venues for gambling in Ontario. When you have lotteries, you go out and you buy a ticket. The only input from the government really is to have the tickets printed, to make sure that the funds are distributed and that the proceeds are given back to the government. When you have casinos, there's a matter of capital investment in the equipment. You put your money into a slot machine, you put it at a table, you do whatever you do and that's it.

In the horse racing industry there's a whole chain of things that have to happen before you get to the point where the wagerer can bet his money. You've got to raise the horses, you've got to raise the feed, you've got to train the horses, you've got to put in the facility. As far as the bettors are concerned, they really don't get involved with that. All they do is they put their money down. You're really at a disadvantage and there doesn't seem to be a recognition that as a minimum there has to be at least a level playing field as far as the takeout, the tax. New Jersey, you tell me, is 0.5% whereas we're 5%. Is this because the message hasn't been getting through or is there a non-realization by the government of the problems you're facing?

1410

**Mr Klugman:** I can't really speak for the government in the message that we're trying to convey and whether we're being heard correctly or not. I know there have been a number of task forces from the industry which have gone to government over the years, and actually we've contacted all three parties in the past 20 or so years. We have been successful in getting some relief from the taxation, in the form of government rebates, which the industry is quite thankful for, that go to purse moneys for owners and trainers. But our recent efforts to get further relief from the taxation situation in racing have been thwarted by, I believe, quite frankly, the debt situation that the government is in right now. We're not basically being heard, I believe, because of that.

We have had, as I say, numerous task forces to address that situation. In recent months, we've been told by our people, I guess insiders, to await certain things to happen, so we withdrew our application. As a matter of fact, we made a presentation from an organization, the Ontario Horse Racing and Breeding Association, to the then Minister of Consumer and Commercial Relations, Peter Kormos. He heard our situation and of course made promises to us that he would be getting more and more involved in racing. Unfortunately, his status within the cabinet was changed.

Minister Churley has been very receptive to listening to us on various issues, but that particular issue on taxation has been put aside for the moment.

We're not saying and suggesting that lowering the tax is going to totally do away with the problem and impacts that we envisage casinos are going to have on our industry, but certainly in the short term it's going to give us a much better opportunity to perhaps combat the negative impacts.

I don't know if that particularly answers your question.

**Mr Kwinter:** I think there is a certain naïveté in the government's call for proposals. I think the government has the impression that it's going to be getting proposals from Mother Teresa when instead it's going to be hearing from Jaws. I mean, they're asking the proponents to do a lot of things, like look after your industry, look after the people who are addicted to gambling, look after all of the restaurants and all of the hotels in Windsor, certainly to keep their hotel closed until the hotel occupancy rate in Windsor gets to the 75% level and not to have restaurants in any major competition with the rest of the community.

Do you think this is a realistic approach? Do you think that a businessman who is looking to maximize his return on his investment is going to be able to function under that kind of constraint?

**Mr Klugman:** Perhaps quickly, to answer your

question, no, that's not a proper way to ensure that our phase of the industry is going to be looked after. We are operating right now and we have a situation where we as thoroughbred horsemen ply our trade solely on the Ontario Jockey Club racing circuit, at its racetracks. All they can tell us, because of the request for proposals, is to trust them. They can't indicate to us what their plans are, by virtue of the RFP, to keep the racing industry whole and what their proposals are, whether monetarily or whatever.

That, as I indicated, scares us, because we deal with the Ontario Jockey Club on a day-to-day basis and there are a lot of decisions that they make that we're not particularly fond of and there are, I guess, decisions that we make that might rattle their feathers a little bit. But because of that, it's hard for us to put all that day-to-day business aside and then say to the Ontario Jockey Club, "Yes, we'll trust you in this matter." It's very unsettling to a lot of our horsemen who have dealt with the jockey club. And they're only one proponent in the bidding, as I understand. There are eight others.

Nobody from those organizations has contacted us. We did get contacted by one potential bidder who decided not to get into the bidding and, quite frankly, what they told us scares us about what's available to the racing industry. Actually, they gave us a warning, to say, "Make sure your interests are looked after before the bidding is complete." We're actually at a loss as to where we go from here when we hear a statement like that.

**Mr Gary Carr (Oakville South):** Thank you very much for your presentation. We heard some of the concerns from the people in the horse racing industry in Windsor. I know in my own area there were headlines in the paper, "Casinos Could Kill Flamboro," and the next day there was an article saying, "Businesses Fear Casino Impact."

But when we were in Windsor we heard from the government. In one of their presentations they came forward, the assistant deputy minister, and quoted the U of T study which says that you'll only lose only 900 to 1,800 jobs. They also quote in there that the effects of casino gambling could be minimal. As you know, in the request for proposals they've said to the people in Windsor that the casino complex is expected to work cooperatively with the Windsor Raceway. We didn't hear from the Windsor Raceway at all, which I was surprised at, down in Windsor.

So we've got these studies that are out there that say we could lose a tremendous amount of jobs, and the government is saying the impact could be minimal. What do you believe will be the job losses if casinos come into the province of Ontario, and if you could be specific in terms of the numbers? We've got the two reports. Which one do you believe, and how many jobs are going to be lost, as a result of casinos coming into



Ontario, in the horse racing industry?

**Mr Klugman:** In answer to your question, Mr Carr, I'd have to believe the studies I have, the numbers of 19% to 37% impact and the resulting job loss is, I believe, 9,500 to 18,500.

Again I'm not familiar with the U of T study, and I guess there are so many studies out there that not everybody can get access to, but the reason I tend to lean towards these studies is that these studies contacted the industry. They contacted us and these are as a result of our projections and our thoughts on what the impacts of casinos will be. That's the basis of why we tend to lean towards them, because they included us in their numbers and in their projections, in the thought-making process. That's why we tend to lean in that direction.

**Mr Carr:** The government is referring to this Coopers and Lybrand report, which you know is the one that they are now quoting from. On page 3, I guess it is, you say nobody contacted your industry regarding this study that was done. So you mean to tell me that this study was done that the government is now championing without any input from the people who will be most affected in the horse racing industry? Is that what you're telling the committee?

**Mr Klugman:** I know our organization was not contacted.

**Mr Carr:** The people in Windsor in the other organizations said they weren't contacted either.

**Mr Klugman:** Dr Glen Brown, who represented the coalition last Thursday, I believe made the statement that that segment of the industry was not contacted as well, and there's not much left within the industry once you get beyond 47,000 people. I think I can safely say that nobody was contacted that I'm aware of.

**Mr Carr:** That puts the whole study's credibility, I would say, right down the drain, when they don't contact the people in that industry.

The government, when we were in Windsor, was championing this whole casino issue as a job-creation scheme. They say there'll be 8,000 new jobs. One of the reasons they said is that some of the impact, as you have mentioned, is that the horse racing industry is having some trouble anyway, which they obviously are in some cases. When it comes to casino gambling coming into the province of Ontario, how many raceways do you think will have to close down as a result of casinos coming in? When they get up to the full complement that they list here in the report, how many are going to be able to close and what will that mean for your industry?

**Mr Klugman:** I believe there are 23 racetracks in Ontario. One is already announced to be closed, and we've been assured by the Ontario Jockey Club that it has nothing to do with the casino project. My immediate guess would be that in the short term probably six

to seven would close down. There seems to be, according to Minister Churley and other reports in the executive summary, which is what I've been dealing with from Coopers and Lybrand, that there is a suggestion within the summary that racing get to a more tele-theatre, simulcasting concept within Ontario. That in itself spells a lot of concern within the industry because there's a great potential there for loss of racing opportunities for horses and things like that. That is our big concern, that we're going to be facing a situation where there are less venues to run our horses, less times available to run them, and if tracks do close then the whole industry is compacted significantly because of it, so I'd say five to six racetracks in the short term.

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**Mrs Irene Mathysen (Middlesex):** Thank you, Mr Klugman, for coming. You said during questioning that Minister Churley had indicated a willingness to help the horse racing industry. I'm glad to hear that, because as a rural member I know the importance of the industry to rural Ontario.

I'd like some clarification, though, on a couple of the things you said. You indicated that the jockey club said its announcement or proposal to close Greenwood had nothing to do with the casino project. I assume the fact that there are losses there and they're looking at a projected loss of \$7 million means that there are some serious problems in the horse racing industry and there have been for some time. Could you tell me a little bit about those problems? That's number one.

Number two, on page 5 you ask I guess a rhetorical question, "Is the Ontario Jockey Club to be expected to launch a massive marketing effort to attract families and young adults" to horse racing? Given that a business needs to respond to changing situations and a change in the market, doesn't it make sense for the industry to find out how it can move into the new market and attract new customers? Isn't that just good business sense?

**Mr Klugman:** Okay, I'll go back to your first question, or would you like the answer to that one first?

**Mrs Mathysen:** Well, however is most convenient.

**Mr Klugman:** Okay. The problems within the industry—and, again I'm not going to speak on behalf of the Ontario Jockey Club, because we as horsemen are equal partners with the Ontario Jockey Club. We share in the commission revenue from the wagering dollar on a 50-50 basis. So yes, when the jockey club makes announcements that it's been losing money, whether to operating losses or to actual book losses, whichever way it puts it down, over the past four years—I believe this will be the third or fourth year consecutively that they've shown operating losses—then there may be problems within the Ontario Jockey Club. I'm not suggesting that, but I'm just saying perhaps there is.

As far as horsemen are concerned, we have undergone, in the past 15 years, progressive increases to purse revenues, to purse moneys that are paid out. Only this year have we experienced what we call a massive decline in purses paid. We equate this primarily to the recession, but we had to undergo an 8% decrease in purses at the commencement of our Greenwood spring meeting this year, we had a further 6% reduction just after getting into Woodbine and there's talk right now that we're going to have to undergo a further 6% to 8% reduction. But that's only happened this year. At this point in time last year we were roughly, what we call in our purse account, underpaid. The Ontario jockeys were holding over \$4 million of horsemen's money. It's hard to explain here how we come about to that, but we've paid all that out and we've actually overpaid. In other words, the jockey club has paid out to horsemen more money than it's actually taken in. So it's just been a rapid decline for us within the last year.

So as far as we're concerned, there are problems within the racing industry. There could be problems within the management of the Ontario Jockey Club and how it's doing it, but it runs its affairs and we run ours. It's our purse money to our owners that we deal with as far as revenue is concerned, and that's the only way we can tell within the last year that we've been subjected to a massive decline in business. Casinos just present a further decline on top of an already big decline for us because of just normal business; that poses the biggest threat to us at this point in time.

As far as your other question concerning the jockey club and whether it should be the one to be attracting families and young adults, certainly; I have to categorically say yes. They're the ones who market racing and they're the ones who put the advertisements on TV and have all the other particular perks to people to come out. But when they're operating with decreasing revenues and projected losses of \$7 million, those funds aren't there to go out and get a Don Cherry to pump racing or whatever. Perhaps that's why our suggestion is to reduce taxation as a possible means of giving new revenues to racing, where they may be able to come up with that money, find that money to do those kinds of marketing initiatives and also to help offset horsemen in the dropping or decreasing of their purse moneys.

**Mrs Mathysen:** So you do plan to do some market analyses so that you can find out how to broaden that market or find out where your new customers could come from? That is in the works?

**Mr Klugman:** Again, I can't speak for the jockey club. The Ontario Jockey Club, the racetracks are traditionally the ones who do the marketing. They're the ones who bring the fans in, because they reap the benefits of the attendance, the admission handled, the parking, the programs and things like that. We don't share in that revenue. We share in the wagering rev-

enue. So I'm sure if the Ontario Jockey Club had some new moneys that it could operate with, it would in turn use that on a new marketing initiative that would bring in new people. That's a very important proponent for us to carry on and to get racing back if not to where it was, to keep us on the current levels that we're at now.

**Mr Noel Duignan (Halton North):** Just on a point of clarification, were you talking just about your organization not being contacted for the Coopers and Lybrand report or were you also talking about the industry in general?

**Mr Klugman:** I was talking about our organization in particular, and from what I understand from Dr Brown, who represents the coalition of 47,000 people within Ontario, they were not contacted as well.

**Mr Duignan:** I beg to differ, because Dr Brown as well as Bruce Johnston were in fact on the list of people interviewed by Coopers and Lybrand. Were you aware of that?

**Mr Klugman:** Okay, I stand corrected then.

**Mr Duignan:** I just wanted to clarify that particular point. A number of surveys done, the 1985 OJC survey of the racetracks and a recent survey, indicate at that point that 85% of the people attending the racetracks were white males over 35 years of age, while the recent study indicates that figure is somewhere around 78%. So maybe the industry has been a little more successful in attracting younger people into the market, but that's one of the big problems. I go to the racetracks on quite a regular basis, and every time I look in the stands, the people at the racetrack are, again, in the older bracket, 35- or 40-plus. If something isn't done to attract people into the racing industry, in 10 or 15 years' time the racing industry itself will be in serious decline. Wouldn't you agree?

**Mr Klugman:** I agree with you, sir.

**Mr Duignan:** So we need to sit down and we need to work out a strategy on how we save this particular industry. We can do that only by working cooperatively together. Your organization, along with many organizations, has been in to see the ministry and we're working together to come up with a strategy to do just that.

**Mr Klugman:** That's correct. As a matter of fact, at our last meeting with Minister Churley we raised that particular point and, of course, our final statement did include some financial assistance from the government to do so. At this point in time, nothing has happened from that last meeting back in the spring.

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**Mr Duignan:** And we're only talking about one casino here, the casino in Windsor, at this point. That's all the government is committed to is one casino in Windsor, and part of the proponent's proposal is that it must work cooperatively with the racetrack and with the horse racing industry in general. I think by working



cooperatively, especially in the Windsor area, at this point, because we're only dealing with the Windsor casino, I think it would work very favourably with the racetrack in Windsor.

**Mr Klugman:** Well, I haven't spoken with Mr Joy from Windsor as to what his suggestion is. That article you're looking at right now, I was just faxed that this morning and I haven't had an opportunity to read it.

**Mr Duignan:** In fact, in Windsor last week, Mr Joy is on record as saying—it talks about the number of horse racing groups coming to visit the committee this week. "Windsor Raceway's position is not represented by any of the groups," he said. "They want us to fail and then they can point to us and say, 'See what casino gambling is doing.'" Do you agree with that statement?

**Mr Klugman:** No, I don't believe so. I don't agree with it.

**Mr Duignan:** Thank you.

**The Chair:** Thank you. Regretfully, our time has expired. Thank you very much for presenting before the committee today.

The next presenter we have is Microtronics, Mike Restivo, president and CEO. When it's convenient, if you could—Mrs Cunningham?

**Mrs Dianne Cunningham (London North):** Mr Chairman, could I ask a question on process here?

**The Chair:** Yes.

**Mrs Cunningham:** What amount of time have you allocated for each caucus?

**The Chair:** It varies from questioner to questioner. I divide the time up equally.

**Mrs Cunningham:** Okay, that's fine. Also, could I ask a question either of the parliamentary assistant but perhaps of legislative research at this point to get it on the record?

**The Chair:** Well, I would appreciate if you'd ask it in your time allocation so that we don't detract from the opportunities that all presenters have and all questioners have. Is that, in your opinion, unreasonable?

**Mrs Cunningham:** It may or may not be appropriate, but we'll stay with it right now so that we're not taking up the time of the next presenter.

**The Chair:** Okay. I think it's probably an important thing for me to say at this time too that as the Chair I'm trying to manage as equitably and as reasonably as I can the time that each presenter has and trying to divide that time up. As people indicate to me that they'd like to ask questions, I have no control over how long the presenter takes to respond, so it becomes difficult for me to try to manage that time.

**Mrs Cunningham:** I have no problem with that, except the last time was not fairly done and there were questions asked of the parliamentary assistant but the parliamentary assistant also got his points of view

across when they weren't—

**The Chair:** He's a member of the committee, as is everyone else, Mrs Cunningham.

**Mrs Cunningham:** Am I assuming the parliamentary assistant's time will be part of the government's time?

**The Chair:** That's right.

**Mrs Cunningham:** Fine, let's do it that way next time.

**The Chair:** That's the way it was done. Thank you.  
MICROTRONICS CO

**The Chair:** If you would like to proceed, you have 30 minutes for your presentation. You may use all of it for your presentation or save some time for questions.

**Mr Mike Restivo:** I'd like to thank the Chair and the committee for this opportunity. I'm the CEO and computer software developer at Microtronics Co in Toronto. I have approached the provincial government's Windsor casino project with respect to any consulting services that I may provide to educate the Ministry of Consumer and Commercial Relations as to the state of the art in restaurant cash/inventory management software. My approach is to raise the level of management and security controls stipulated by the project's officers to the casino proposers. This paper is a subset of my material and correspondence that is presently under study by the Ministry of Finance policy branch and the Ministry of Consumer and Commercial Relations policy branch. I'd just like to give a couple of paragraphs of current events.

On Sunday, July 4, 1993, the first of a four-part series on the Windsor casino complex and the larger question of casino gaming in Ontario was published. I was disappointed in the negative tone of the piece but recalled that similar rough handling always accompanies the consideration of allowing professional gaming in a region or city: The public needs to know just how pervasive organized crime has been in other areas that permit casino-style gaming, and that the risk of similar incursion in Windsor is very real. I wondered what the ministry's response would be.

On Tuesday, July 6, the third part of the series was published. This part focused on the mob personalities who were possibly poised like vultures to prey upon an unwitting public and government officials. In this article, the director of communications for the project stated, "The key is to put in a very, very tight system of checks and balances." This is as it should be. Further, the article considered: "But some American experts say that this is easier said than done, and privately, some Canadian organized crime specialists agree. Chicago is also considering legalized casinos, but the Chicago Crime Commission was unimpressed by assurances that vigilant policing could counter traditional mob activity." Further, "Even if machines are carefully regulated,

crooked vendors have an opportunity to tamper with them during routine repairs and maintenance. The machines are also easy to skim for unregistered profits. 'How do you control that?' Holmes," a US gambling security consultant, "asked. 'What's to stop them from altering them? It's almost impossible to have every one of them checked to make sure nothing's happened to them.'"

Finally, on Wednesday, July 7, in a separate article from the last instalment of the series, Marilyn Churley, the Minister of Consumer and Commercial Relations, echoed that proper controls would be in place at the casino complex. During the day, she was pestered by the Liberal and Conservative critics, who pointed to the Star's series and were not satisfied with her evasive manner. "I don't have to take lessons from them," she said.

Further, in another article from the same edition, Ms Churley engaged in an indifferent and cavalier interview which indicated her lack of knowledge of the Windsor area. I felt that it was an unflattering interview, giving the hopefully wrong impression that the minister was uninformed.

This casino project clearly involves many concerned public bodies. Microtronics Co is trying to get as many of the involved and/or concerned organizations up to speed on the state-of-the-art methods of control so that all may be able to sing intelligently from the same hymn book, so to speak. It is possible, although a remote possibility, that a previously unknown system of management software superior to my own would eventually become recommended by the Ontario casino project. That software and system would then become the unexpected beneficiary of all my promotional efforts.

For simplicity, I'll focus upon liquor inventory. It is essential to track the movement of these products from point of purchase through the Liquor Control Board of Ontario. All sales data and bills of lading data are already computerized. The sales data from the casino's beverage operation is represented by its point-of-sale reports, which are verified against its beverage control system's reports. Discrepancies are revealed in the sales variance report. The beverage system's counters are invulnerable to end-user tampering, unlike ECR, electronic cash register, or POS, point of sale, terminal sale totalizers. They are thus considered the correct standard of comparison.

EASYPRO, my software product, does this automatically, but it could be performed completely manually, assuming the use of an incorruptible and error-free employee. These readings must be performed upon every shift for maximum accountability. A general understanding in bar management is that no beverages are dispensed to wait staff except through the hands of the bartender, except in the smallest of restaurants. This

is logical. Therefore, the bartender is responsible for all cash shortages, but only during his or her shift and only at the bar at which he or she is working.

It is assumed that the casino's beverage operation will employ an automatic beverage dispensing system, interfaced to a back office computer, as opposed to a scale-based beverage control system more suitable for small restaurants. The aforementioned balancing can be completely performed in real time from the casino complex's back office under microcomputer control. EASYPRO can enable remote auditing in real time by auditors at Queen's Park and the Ministry of Revenue via modem.

All management systems assume that the ultimate parties to whom the system will report are the owner-operators who are on site. Absentee owners, franchisers and the Ontario government all share the complication that they must accept on faith, for all intents and purposes, the sales and inventory reports that are furnished to them. There are no higher levels of controls and accountability in management systems to ensure the integrity of data forwarded to a third party. These additional controls must be added. By placing a maximum of the management's activities on computer files, the effects of absentee ownership are minimized.

Accepting the point-of-sale sales reports as the only supporting documents for the daily gross revenues of the beverage operation is the height of folly for the government. The cost of balancing front, the terminals and cash registers, to the back—that is, the back office management system—and comparing the Liquor Control Board of Ontario shipping documents, for example, against these two sources of reported sales, and balancing that against the casino complex's next order to the LCBO is minimal.

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This audit trail forms a closed loop through which Queen's Park can detect if smuggled liquor is being poured at the casino complex's bars and restaurants any time it wants to. It will be known as a fact that, say, 60 bottles of rye whisky arrived at the casino's bar commissary or central depository, as supported from the LCBO's signed bills of lading. The next shipment to be received contains, say, another 50 bottles of rye whisky. It is then known that the previous 60 bottles of rye whisky were dispensed or poured. The brand is irrelevant. Only the total bottles of all rye whisky dispensed is critical. They may have been given away, poured down the drain as in spillage, stolen, sold above, at or below fair retail market value to the complex's patrons, or consumed by wait staff either at no charge, at a discount, or by theft. There are no other possibilities.

The POS and beverage system sales reports will indicate only three possibilities: that less than, exactly, or more than 60 bottles worth of rye whisky were sold during the sales period in question. If a variance exists



between the POS and the metered reports, the beverage systems totals only are to be accepted. If less than, then underreporting of sales revenues is taking place; ie, "skim," "gravy" or "vigorish" is being diverted with management's consent. If more than, then rye whisky from other than legal sources was dispensed at the complex.

Because of the high "sin" taxes levied on Canadian liquor, US liquor costs between one third and one half that of its Canadian counterpart, even if it ultimately originated from the same Canadian distiller. Without the intergovernment computer auditing as I have described, it is easy to mix, say, 10% to 20% smuggled liquor in with the legitimate liquor, not just at the casino complex, but anywhere in the province. That is why all Canadian distillers are concerned about beverage management controls at the casino complex and elsewhere.

Pouring Michigan liquor that has not been subject to federal excise tax and Ontario liquor tax means less liquor purchased from Canadian distillers and less tax revenue not only from the above taxes that were avoided, but also from the Ontario retail liquor tax, the Ontario corporate income tax, the federal GST and federal corporate income tax, which all must be avoided when sales are undeclared. This is why the Ministry of Revenue should be interested in cash/inventory management controls. Such are only provided by EASYPRO.

The amounts of undeclared liquor sales depend on how busy the complex becomes, but could range in the hundreds of thousands of dollars annually. But what of non-alcoholic beverages like soda pop or fruit juices? Controls on these items are notoriously weak. As described in the accompanying Microtronics Co brochure, losses, as it were, can occur with these items as well.

Read also the articles in the Financial Post of June 26, 1993, "Taxes, Hard Times Fuel Underground Economy" by Paul Brent, and of June 24, 1993, "Distiller Slams \$1B Smuggling Industry" by Kevin Dougherty. Further, read the articles in the Toronto Star of July 13, 1993, "Underground Economy Loss Put in Millions" by Derek Ferguson, and of July 31, 1993, "Millions Lost in Huge Booze Scam" by William Marsden.

What about skimming from the slot machines, or "slots"? I have no experience with slot or video lottery or video poker machines so I'm only speaking theoretically, with the possibility of misunderstanding on my part.

The project's request for proposals stipulated that all slots must have serial interfaces; that is, they be able to connect to a microcomputer or computers.

How do slot machines work? Players feed in, say, dollar coins or other tokens into the machines. The slot machine gives a payout when certain combinations of

digital, electromechanical or purely mechanical counters are in alignment. How much is the payout? Well, suppose the coin box voids or empties completely upon a payout and that, say, two payouts have occurred in one day. The gross proceeds to the casino from the slot would only be that amount in its coin box since the last payout. If the last payout occurred about closing time or the end of a shift, the gross income to the casino would be about nil.

Casinos can't stay in business by eventually awarding all of their proceeds as winnings. There are then two coin boxes: One box is for the payout only, the out coin box, which contains a known, fixed-dollar amount. The other box is for the deposited patrons' money, the in coin box. The payout box is replenished with a flourish and display immediately after a payout. Patrons love to see money going into the slots, payout money that they might just win themselves.

The patrons' deposited coins are removed from the in coin box only at odd hours, away from the eyes of players. Slots are ranked in terms of payout. The bigger the payout, the larger the coin or token's denomination and also the larger the odds against the patron of winning. Risk/reward benefits are at play here, and this is fair. All the slots will contain totalizers which count the number of coins or tokens deposited by players and the number of payouts.

The ratio of deposits to payouts is supposed to be known and fixed for each slot machine. If less, or more, payouts are taking place than the odds indicate, then that machine needs to be repaired or replaced. Data capture of these totals through the slots' serial interface by a back-office computer will confirm over, say, a week if the odds have been increased or decreased against the patrons. It is irrelevant who services the slots.

Queen's Park must have direct access to this captured slot machine data for true accountability. These data files are only a phone call away under a system by Microtronics Co, with no human intervention required.

Quite a bit of concern has been raised by this fear of skimmed profits. Is this really justified or are people just overly sensitive? A reading of the Ontario casino project's request for proposals yields several insights.

The Ontario government has declared that the operators of the permanent casino shall run it under a contract of seven years, at which time there will be an equity buyout by the operators. The subsequent degree of involvement of the Ontario government is not described. A win tax of 20% of all winnings accrues to the government, as do all net profits.

Any operator will be running this casino merely for its own wages. After seven years, the net profits will greatly increase as the province will no longer have any claim on them. It's unclear if the restaurant and accommodation operations in the complex are subject to the

same limitations as the casino proper. Presumably, casino gaming will soon, as it were, be much more widespread in Canada with fat profits for all casino operators. A few initial years of operators' poor net earnings are worth it.

I note from the Star's casino series that certain interested parties have been waiting years for this opportunity. By taking away the normal business incentive, the profit motive, the Ontario government has created a built-in motivational factor to underreport revenues or use contraband liquor and cigarettes. Just a few weeks ago, Ontario Provincial Police seized a large supply of US smuggled tobacco products in Sault Ste Marie. In Ontario it is estimated that from one in four to as much as one in two packages of cigarettes sold at retail are smuggled from the US. Given the repeated declarations by police forces that smuggling operations are well organized and highly profitable, my inferences that bootleg liquor and/or tobacco could find outlets at the Ontario casino complex are not at all alarmist or out of line.

I note that no proponent for management of the Ontario casino project would unilaterally impose accounting or beverage management controls greater than the minimum demanded by the Ontario government, which is admittedly inexperienced in casino gaming, as optimum controls would reveal any management shortcomings, wastefulness, sloppy accounting practices and other, possibly illegal, subterfuge.

I emphasize in closing that I am speaking only as the president of Microtronics Co, not as any representative for the Ontario casino complex, nor am I nor Microtronics Co affiliated with any other proposer, subcontractor or consultant for the project; and, no, I haven't been invited to or gone on any junkets to any of the casinos.

I'd like to yield the balance of my time to any questions.

**The Chair:** Thank you very much. We have approximately five minutes per caucus. The PC caucus is up first.

**Mr Carr:** Thank you very much for your presentation. I take it, since you're somebody who's trying to get some business out of the casinos, that you're in favour of them?

**Mr Restivo:** I noticed a few months ago that it seems to be the wave of the future as far as governments' initiatives for increasing of tax revenue. Every state in the union in the United States will be eventually approving casino-style gaming as a way of raising taxes without raising income taxes and other traditional sources of tax revenue. So it is an acknowledgement of a trend that will continue. The answer is yes, I am in favour.

**Mr Carr:** You've talked about some of the tech-

niques that can be used. One of the big concerns that was voiced in Windsor under questioning by even the police chief during that period of time is the capability of money laundering through organized crime through casinos. Can you tell us if you have any other products that could deal with that issue, which is of prime concern to the people in the province?

**Mr Restivo:** I don't have a commercial product that's available at this time to handle that. It would require consulting services of either myself or someone who has cost accounting experience or experience in the Nevada-Atlantic City area.

I would note that Jack Wynn, I believe the CEO of the Mirage Hotel, recently had a tragic experience. His daughter was kidnapped and was held for a ransom of \$2 million. The kidnappers settled for \$1.5 million. He walked into his casino, into petty cash, and walked out with \$1.5 million cash.

The first question that arose in my mind is, how much cash has he got in there, and why is it there and not deposited away? Obviously the people must be quite familiar that there are large sums of money, and I would imagine that not necessarily the Treasury department but the IRS would be quite interested vis-à-vis money laundering implications.

1450

**Mr Carr:** One of the problems with the crime, and particularly with the Windsor casino, is of course you're right across from probably one of the highest crime rates around. As we said to the people of Detroit, with all due respect, right across the river there's a tremendous amount of crime, and when you have that much cash around—and downtown Detroit is virtually dead at night—the criminal elements are going to be able to go across very quickly and have access to people with a tremendous amount of cash. That's one of the concerns that is in there.

I want to go along one of the other lines that came up. As you know, the government has said that it will police the casinos properly and give some of the funding for police. The Windsor police say they need 30 additional police and the province has only offered 10. The chief of police in Windsor has said he will not give his assurance that the casino can be run without criminal elements unless he gets his wish, and I respect him for that.

How much—how shall we say?—contact will be there between yourself and the police department in what you do? Are any of the things that you talked about going to take interfacing with the police and so on?

**Mr Restivo:** Considerably. I'm making myself available to give training as needed to any forensic accountants who are on staff or would be employed by the OPP or the local Windsor police force. As it stands,



I'm sort of working from the top down and trying to raise the consciousness of the government before I even seek any proposers. I feel a little nervous in going to police forces at this time because they may feel: "Well, what standing do you have? We're not about to open up security features to you unless you have an entrée or a recommendation from the government."

So the Liquor Licensing Board of Ontario, the Liquor Control Board of Ontario and the various police forces, including federal police forces vis-à-vis the smuggling situation—this is even a federal concern, which is much broader.

But what I would mention about your very first point is that the number of police officers is probably necessary as stipulated by the Windsor report. Naturally there would be an increase in police officers.

I think it must be constantly ever more in the committee members' minds and also the public's that this is an experiment by the government. It is only one, and that's a bad thing to do, because it focuses everything on one centre. I think ultimately allowing every hotel in the country to have licensed casino gaming on their premises is the way to go that would distribute all the security concerns right through the government. Here, Windsor has to support the bulk of an infusion of players, that is, people who are on the grey side of legitimacy and what not to try to take advantage of the patrons who are coming.

As far as cash, as much of a cashless operation should be possible, that is, the players deposit on account a certain amount of money and then they can play with it, and that would be fixed. That would prevent, or at least provide a deterrent, to compulsive gambling and things like this. I wouldn't mind dropping, say, \$200, \$300, but if you've deposited a couple of thousand dollars, I think that would be a safe enough brake that you've reached your limit and that's it. Winnings, again, would also be electronically deposited to your account in your home town. Therefore, the only cash that people would be having on hand is your typical maybe \$100 or so petty cash money.

Any operation that would not be on such a cashless basis would force people to be walking around with hundreds and hundreds of money. That would be a magnet to every petty crook in the Golden Horseshoe area. It strenuously must be seriously examined to prevent stuff like this.

**Mr Duignan:** Just very briefly, that's of course one of the reasons why we're offering credit at the Windsor casino, so people will not be walking around with large sums of money, and that's on a pre-approved basis. It takes many weeks to do that, but that's one of the reasons we're doing that.

The other fact in relation to the security as well is, you know, the OPP will be doing the internal security

in the casinos and there will be an office of the OPP within the casino complex. So there are a number of issues there that are not available in any other casino I know of in Nevada or Atlantic City.

Also, someone made reference to the fact that the Windsor police have only been offered 10 police at this point. Well, we said that's a start. We will offer any other officers necessary to the Windsor police if they're proven necessary.

**Mr Dennis Drainville (Victoria-Haliburton):** They have proven it.

**Mr Duignan:** That's still under negotiation at this point in time. But we're going to make sure that the city of Windsor stays as safe and secure a place as it is now.

**Mr Restivo:** Just one final thing about security. Again with respect to that win situation, the more the word gets out that there's a cashless operation at the casino, the less there will be elements of—we're not talking petty crime; we're talking kidnapping, terrorism. That's why you don't see bank robbers any more. The only cash that's in any bank is what's in the tellers' cages. There's not millions of dollars lying around. But if there were poor controls, you would be exposed to threats and things like this. So as Mr Duignan has mentioned and as I've fleshed out, pre-approved credit limitations and electronic deposit to winners' bank accounts is an absolute must.

**Mr Duignan:** As you know, we've looked at the problems that this industry has experienced in other jurisdictions, indeed around North America and elsewhere, and we are learning from those mistakes, because we simply don't want to repeat them in the Windsor area.

**Mr Kwinter:** Mr Restivo, you make a couple of assumptions on page 5 that I have some problems with and I'd just like you to clarify them. In it, you say, "Any operator will be running this casino merely for its own wages," but "After seven years, the net profits will greatly increase as the province will no longer have a claim on them." Where did you get that information?

**Mr Restivo:** You'll still get your 20% win tax on the earnings, but the net profits won't be going to the province. The net profits will then be normal retained earnings, corporate retained earnings, unless I'm in error. I do have the request for proposals here. But this was the terms of the equity buyout. That's the limitation of the seven years. The province is out after seven years, so retained earnings accrue to the managers. As it stands, they get nothing. I mean, \$60,000 for a manager and that's about it; no retained earnings. So they have to be in there for the long term. That's not necessarily bad.

**Mr Kwinter:** It's certainly my interpretation of the request for proposals that the government is in this thing for ever and that what is happening is that it has the

option of buying out the operator.

**Mr Restivo:** That is true.

**Mr Kwinter:** But the operator doesn't have the option of buying out the government. What happens is that after seven years, the management contract has to be renegotiated. But certainly there's a 20-year provision, and it's certainly my impression that the government will have the same arrangement on day one as it does on year seven unless it renegotiates the deal, but it doesn't terminate. It just says that the initial—the exact words are, “The initial term of the operating agreement is seven years.” It doesn't say anything about after that the whole operation and the profits will revert to the operator.

**Mr Restivo:** Oh, I see.

**Mr Kwinter:** I would like to get a clarification from the parliamentary assistant as to whether that is the case or not.

**Mr Duignan:** The government's in it for the long haul. The government can't be bought out.

**Mr Kwinter:** So my position is more accurate than his position.

**Mr Duignan:** Yes.

**Mr Kwinter:** That's all; I just wanted a clarification.

**Mr Restivo:** Yes, Mr Kwinter, I appreciate that, and that further emphasizes the importance of my result. The operators are just working for their wages.

**Mr Kwinter:** Then I ask you the question, if all they're going to get is their wages, what incentive is there for an operator to get involved in this project?

**Mr Restivo:** None.

**Mr Kwinter:** So why are all of these people clamouring to get into this thing?

**Mr Restivo:** You would have to ask them. They're hoping that there may be changes. This is an initial experiment. The requests for proposal in more than one place indicates that there may be movement or change later. I think things might be freed up a little bit or the proposers may be hoping that there may be spinoffs, other things like this. This is an entrée into professional gambling in Canada. People have been waiting a long time. They'll take whatever they can get for now.

I'm not saying the mob is ready to work and that they're going to use this as a venue for organized crime. That's not the case. I work from the top down. First, you do things the right way, and then you examine and see if any extraordinary measures have to be implemented.

But certainly, why should somebody close down the Taj Mahal in Atlantic City and come into Windsor? There's no compelling reason whatsoever, especially if Michigan, which narrowly defeated approval of casino gaming last month, should approve it, and I believe it will upon the opening of the Windsor casino complex,

since it is projected that 85% of the Windsor casino's patrons will be coming from Detroit.

If the Detroit operation is launched, they will allow a more traditional, wide-open, so to speak, gaming operation with dice and crap games, which are not allowed in Windsor. I believe that will seriously impact any proposed operation in Windsor. I would hold off and open up in Detroit, personally.

1500

**Mr Kwinter:** That then gets me back to the comment I made at the start of today's hearings. The way this thing is orchestrated, you would think they were expecting proponents to be Mother Teresa, because there's no other reason for anyone to get into this thing unless there's a hidden agenda. It would seem to me that the people who are making presentations are certainly not involved in providing a humanitarian service to the taxpayers of Ontario. They're in it to maximize their profits and how do they do it.

**Mr Restivo:** Yes, they have to be. I would say on behalf of the government, if I might, traditionally in negotiations first you make your side very stiff and then maybe you have a little bit of flexibility. Unfortunately, the public would like to know, “Well, where's the bottom line?” The stipulations are extremely one-sided, \$303,000 just to get an entrée ticket to make a proposal. Your remarks are most appropriate and observant. I really would question the business flexibility of the people who are negotiating proposals. It's very one-sided. This is perhaps typical of a small-c conservative government that doesn't want to make any mistakes. That's understandable.

**The Chair:** Thank you, Mr Restivo, for presenting before the committee today.

**Mr Restivo:** Thank you very much, committee.

#### ONTARIO HARNESS HORSE ASSOCIATION

**The Chair:** Our next presenter today is the Ontario Harness Horse Association. Gary Stead, the general manager, is making the presentation, if you could please come forward and make yourself comfortable. For the interest of all the committee members and especially Hansard, perhaps you could please identify who the other gentleman is.

**Mr Gary Stead:** Yes, sir, the other gentleman is Malcolm MacPhail, president of the Ontario Harness Horse Association.

**The Chair:** Welcome, Mr MacPhail. You have 30 minutes to make your presentation. You may use all of that or a portion thereof. The rest will be for questions and answers.

**Mr Stead:** First of all, I have prepared a brief and it has been passed out to everyone here.

I would like, first of all, to go over the history of the Ontario Harness Horse Association. We were incorporated in 1962 by a concerned group of owners, trainers,



drivers involved in the standardbred industry of Ontario.

The main mandate of the Ontario Harness Horse Association is to represent all Ontario standardbred horse people in matters which affect the industry. At this time, the Ontario Harness Horse Association has over 64,000 voluntary members, making it the largest standardbred association in North America.

Our members are very concerned and opposed to casinos being introduced into Ontario, and why, the question may be asked. First of all, there have been a number of studies commissioned by different organizations, as we're all aware. Two have caused great concern to our members. The first is a report commissioned by the Ministry of Agriculture and Food in which noted gaming authority Eugene Christiansen states, "Let there be no mistake; casinos would have an adverse impact on Ontario racetracks and therefore Ontario breeding and therefore on racing and breeding industry jobs and tax revenue."

The second report, done by the firm of Price Waterhouse, was commissioned by the Ontario Jockey Club, and in this report, it is indicated that "a potential negative impact of 19% to 37%, approximately \$330 million, on total horse race wagering in Ontario and a potential loss of between 9,500 and 18,500 industry jobs would occur over the medium term" if casino gambling were permitted in Ontario.

It is of the utmost importance for the committee to realize that the majority of these 9,500 to 18,500 workers have no transferable skills. They are members of one of the last hands-on industries and would become permanent additions to the unemployment ranks and a further burden to Ontario's social assistance program.

There are reasons why the ground rules at this point in time make it impossible for standardbred racing to compete against other forms of gaming.

Horse racing is unique. It is the most expensive gaming vehicle because it is truly an industry. Its product, the horse, has to be bred, raised, sold, trained and driven in Ontario. Because of this, there is a huge \$2.2-billion annual economic activity over and above its total revenue to the province of a net of \$55 million a year. The costs of casino gambling, other than the construction of the plant, are not comparable.

The government net takeout of 5% of the total handled is based on a monopoly gaming position that no longer exists for the standardbred industry. At this time, only 27% of legal gambling is conducted on horse racing. The race industry once enjoyed 100% of legal gambling, but a steady decline has been brought about by government getting involved with gambling, firstly with lotteries, then Pro Line sports betting and lastly charity casinos which have proliferated almost without control over the past eight months.

Who wants casinos? Not the race industry which

employs over 50,000 people. The farmers of Ontario are not in favour. Six hundred delegates to the Rural Ontario Municipal Association voted unanimously against casinos. There have been countless petitions in the Legislature against casinos.

The head of the casino project admitted to the Ontario Agriculture and Horse Racing Coalition that the 8,000 new casino jobs in Windsor is a guess, and no real studies to back this number have been produced. Will these estimated 8,000 new jobs offset this devastating loss of race industry jobs if casinos become a reality in Ontario?

The question has been asked by our members also, where will the people come from to this Windsor casino?

It has been stated that approximately 80% of the 12,000 customers a day that frequent the Windsor casino will be Americans. The American city of Detroit will not stand for this. In a recent front-page banner in the Detroit News it was proclaimed, "Casino Payoff: Stadium Land."

This story went on to state that plans are already in the works to open two casinos in Detroit. There is no doubt that Detroit will not stand still and watch its citizens gamble money in Canadian casinos. When they open Detroit casinos, it will devastate the Windsor casino and completely close Windsor Raceway, the standardbred facility in Windsor, if in fact it is still open after the Windsor casino opens.

What is needed? As far as the Ontario Harness Horse Association is concerned, there are no initiatives that can be implemented that would permit our industry to survive as we now know it. The NDP government has stated that standardbred racing will be looked after by bidders for the Windsor casino. The NDP government has stated that in examples provided by cities with casinos that where both horse racing and casinos operate in the same jurisdiction they have tried to drive each other out of business. Why would the NDP government think that these same bidders for a Windsor casino would work to coexist with horse racing? How can the NDP government expect the casino operator to boost business at Windsor Raceway, especially when they will have their hands full just trying to compete with the Detroit casinos which are sure to come in the near future if the Windsor casino becomes a reality?

**1510**

In closing, I would like to summarize some very important points, some we have already touched on in this brief.

(1) Horse racing employs at least 28,000 people in Ontario. The NDP casino update verifies that number. The OHHA, the Ontario Harness Horse Association, feels the number is closer to 45,000 people.

(2) Our race industry is responsible for \$2.2 billion in

annual economic activity in Ontario. Ontario horse racing contributes \$350 million in purchases of hay, straw and feed from Ontario farmers. We pay over \$500 million in wages. Our numbers employed are higher than logging, forestry, mining and the fishing industries.

(3) Horse racing contributes over \$80 million—net \$55 million—per year to the government coffers from parimutuel wagering alone. This does not include sales tax from articles purchased and property tax from our 45,000 employed people in the industry.

The head of the casino project team has estimated 8,000 new jobs. They have estimated large amounts of tax revenue for the Ontario government. The question the horse racing industry has for you is, are you willing to throw away a viable industry recognized worldwide as a leader, that has never asked for any handouts, for estimates of profits and employment of a casino that may or may not even exist once Detroit comes on stream with its own casinos.

**The Chair:** Thank you very much for your presentation. We've got approximately about eight minutes per caucus. We're going to let Mr Drainville ask a question.

**Mr Drainville:** There's been a great deal of discussion by the government and the ministries about their consultation process. I believe it's been a non-consultation process about the principle, and I would ask you to comment on my views that I will put forward to you. It's obvious from the Coopers and Lybrand study that very little emphasis was put on the horse racing industry. Just a question on this: Is it true? Did they contact you when they were doing that study to find out information from you for the study?

**Mr Stead:** No. The Ontario Harness Horse Association was never consulted. We have never received a phone call from that firm in question.

**Mr Drainville:** So the Ontario Harness Horse Association wasn't consulted; neither was the Horsemen's Benevolent and Protective Association. I want to draw that to the attention of the committee and say that here we are talking about an industry which is a vibrant and vital part of the economy of Ontario, and here we have a study coming out which is ostensibly going to talk to us about the impact of casino gambling, and here we have a situation in which those who are most involved in the gambling industry in Ontario, one of the major components of that, have not been consulted.

I think it needs to be said that obviously the government has no interest in consulting with those who are involved in this industry. I would ask you gentlemen, in terms of the fact that the government seems to be going forward—for instance, the honourable parliamentary assistant indicated that we were talking about one casino. Well, gentlemen, you know and I know we're talking about many casinos in Ontario. That's what the government has planned. Since that's the case, would

you not say—and I leave this open to you to respond—that the government has not been consultative? Would you not say that the government has shown a lack of faith in the industry by not dealing with your industry fairly and by not dealing with the substantive questions that you have raised over the last 10 months?

**Mr Stead:** What I would say is that we have told the government time and time again exactly what will happen to us, but it seems like the process continues. There have been promises made by the government stating that the casino operators will look after the horse industry which employs 50,000 people.

I don't think that this is enough. I don't think that this will happen. I believe that we will never be the same as we are at this point in time. Horse racing in Ontario is the best in North America. We will never be that again. You're taking people who have absolutely no other skills other than working with horses and throwing them into the streets. If that's what you want to do, fine.

**Mr Duignan:** First of all, let me comment on the comments by Mr Drainville. I take exception to those remarks. The industry has been consulted, and it has been consulted widely. For example, Mr Glen Brown, has been consulted; Mr Bruce Johnston has been consulted; Mr Jack Kenny has been consulted; Mr Harry Addison has been consulted. It goes on and we're working closely together with this particular industry and developing a strategy to deal with the problems in this industry.

The problems in this industry have been there long before the question of casinos ever came about, and I refer to an article written by Mr Eugene Christiansen, for example, as far back as 1985, where he's asking the industry what it is doing to pull up its socks.

I refer to an article by the owner, by the people who look after the Woodstock racetrack stating, "Studying the market has led the society to realize it must change to stay competitive." I can talk about our friend from Windsor who's saying that none of these groups represent him. They're saying they're trying to put him out of business and they use the closure of the Windsor racetrack as an excuse that the casinos have shut them down. So come on.

**Mr Drainville:** Have you heard what they said?

**Mrs Elinor Caplan (Oriole):** Point of order, Mr Chairman: This is the time for the parliamentary assistant to address the concerns of the deputants, not to enter into a debate with Mr Drainville. That's inappropriate use of committee time. I call on you to call them to order and ask the parliamentary assistant to address himself to the concerns of the deputants.

**The Chair:** Thank you, Ms Caplan. That's not a point of order but certainly the parliamentary assistant doesn't need to get excited. But he could make his



points.

**Mr Duignan:** I think the passions have come up on the floor, Mr Chairman, but I will address concerns. I have a great concern about the horse racing industry in this province. It has a number of problems and I think the ministry and the industry are working together to try to solve some of those problems. But part of the problem too within the industry, for example, is that they're not able to work together. Would you characterize that as a fair representation, that you do kind of have problems working together? For example, there have been some recent things in the past, for example, touching the OJC and the Fort Erie Race Track.

**Mr Malcolm MacPhail:** I have to disagree with that. I think last winter was a perfect example of working together. We went together with the OJC and the thoroughbred organizations and we brought in simulcasts from Florida. They devastated us standard-bred people to the tune of 34% live on our track. But the government was getting extra money, the jockey club was doing well and the thoroughbreds were doing well, so we went right on through with that. We didn't stop in January; we went through to our commitment at the end of March with this simulcast from Florida and we devastated ourselves. We barely kept our own purse account even halfway, but the thoroughbred people realized \$2 million from it. The Ontario government realized over \$2 million in extra taxes from the year before. The jockey club certainly made a good buck on it.

I don't think anybody can say we're not trying to work together. We tried it and we may do it again or we may not. Then you turn around and the jockey club wants to close Greenwood Raceway, our fortress of racing for years.

**Mr Duignan:** Of course, that was a decision of the OJC.

**Mr MacPhail:** That's right. So if we disagree with that, then you come out and say we're not working together. It might appear we're not, but we're trying to work for the benefit of all of us.

**Mr Duignan:** I'm glad to see that, because that has not happened in the past. You mentioned the fact that teletheatres and simulcasting have benefited the industry. Would you like to see that expanded in the future, and how would you like to expand it?

**Mr MacPhail:** There's a certain point that it can be expanded and it's got to be done carefully, because if you take people from the track and put them in a teletheatre, you're not helping anybody; you're just transferring the money from one place to another.

I come from a little racetrack. I train at Dresden Raceway. They race 20-some Sundays during the summertime. They televise in once a week during that time and twice a week during the wintertime. It helps

them. They clear about \$50,000 to the track over the year and they clear about \$50,000 to the horsemen down there for their purses for the next summer.

London hasn't been very successful. Barrie hasn't been very successful with it. It takes time to implement. In the long run, it will come. It will and it'll help everybody, I think.

**Mr Duignan:** What more could the government do to help the industry along those lines?

**Mr MacPhail:** Our main problem is the tax problem, especially if you're bringing in casinos. If you bring in casinos, we'll be competing the same as they do in New Jersey. In New Jersey they take half of 1%. I was at a meeting in Calgary in July and the horsemen in New Jersey have a bill before the government House in New Jersey to take nothing, 0%, whereas here they take 5%. So right now we're taxing 10 times as much.

**Mr Duignan:** Also, don't forget that you pay income tax on your winnings in the United States as well, which you don't here.

**Mr MacPhail:** That's true.

**Mr Duignan:** Some 29% or 30% is taken off over a certain point of winnings.

**Mr MacPhail:** Yes, if it's over \$600 on a win.

**Mr Duignan:** Which doesn't happen here.

**Mr Stead:** Just one point, Mr Duignan: Certainly that is what the person who wagers on the horse is taxed, but the person who works with horses and whose livelihood depends on horses is not taxed on that percentage. The .05% that is taken out by the government, everything else goes back into the horseman's purse account, whereas the governments here in Ontario are taking 5% off the top and keeping it.

1520

**Mr Duignan:** That's not true.

**Mr Stead:** We depend completely on the wagering for our source of income.

**Mr Joseph Cordiano (Lawrence):** There are some points that I would like to review with you. The Coopers and Lybrand study said that horse race wagering will be reduced by 5% to 10% and that in fact this could be improved by promotional efforts that the industry might undertake. Do you agree with that assessment? Do you feel that's an accurate assessment?

**Mr McPhail:** No, definitely not. We would love to promote our product if we just had some money. We went before the minister and asked. The HBPA and our organization met with her and said, "Why can't you give us somebody like the lottery, which has Don Cherry on television promoting sports betting?" Sports Line, Pro Line or whatever you call it. I'm not a gambler so I don't know. We could do something like that. If they gave us some money to do something like that, we'd certainly promote it, but there's no money.

We're scrounging; let's put it that way.

**Mr Cordiano:** You think this is totally off the mark?

**Mr McPhail:** Definitely, yes.

**Mr Cordiano:** The negative impact would be far more detrimental to you. You're talking about survival here and you're talking about closing down racetracks. In fact, racetracks will close down once casino gambling is implemented in Windsor is what you're suggesting.

**Mr MacPhail:** I have no question in my mind on Windsor Raceway. I race at Windsor Raceway. I'm down there all the time. They'll be out of business by the end of 1994, I'll bet you on that.

**Mr Stead:** Perhaps I can comment too. We're saying approximately 19% to 37% impact, and perhaps it can be verified to a certain degree if in fact you use New Jersey figures, where the University of Louisville has revealed a decline of 28% in attendance and 33% in wagering in New Jersey. All casinos in New Jersey are confined to Atlantic City, which is 105 miles away. Why not use those figures? Why are we using figures that are less than that? Why not use what other firms have suggested?

**Mr Cordiano:** This is the study they conducted, so it's a question of verifying what they've done and what they base it on. There are a number of assumptions they make, so I'm just getting your opinion.

To move on to another question, with respect to what might be the end result if Windsor opens up, you pointed out in your brief then that obviously you feel Detroit will move very quickly to have casinos of a similar type and the competition would be increased.

The types of visits that would be made would be predominantly day trippers arriving by car. If it were to resemble the Atlantic City casino it's my belief, after having looked at what's happening in Atlantic City, and mainly there is the prototype for what's going to happen in Windsor, that you're going to have a lot of people attending the casino for one-day trips. Mainly 80% of them, I think it was stated in the study, will be arriving from Michigan or the larger Detroit area. I find it interesting that the Detroit News had that to say about what's going to happen in Detroit.

Is there any other information you could elaborate on with respect to that? How real is the threat of competition from Detroit, in your view?

**Mr MacPhail:** I really don't think it's as urgent as some have said. I grew up in Detroit. I've roamed the back streets of Detroit. I used to walk from Tiger Stadium downtown years ago. I know Detroit.

You say there are going to be day people coming over. I agree with you, and if you try to get to Windsor from Detroit on the average day, sometimes it can take you an hour now. You bring 12,000 more people in, 10,000 from Michigan, and people are going to be angry

before they get to the casino because they're going to have to fight with customs officials and they're going to have to fight with traffic.

The city of Windsor has been led down the garden path as far as I'm concerned. They think they're going to get a big deal out of it. If I lived in Southfield, Michigan or Bloomfield Hills where the money is and I wanted to spend some money, I would go to metro airport and get on a \$199 flight to Vegas where they'd entertain me, they'd put a drink in my hand and they'd be glad to see me. That's not going to be the case in Windsor. They're going to charge you to get across, they're going to charge you for the drinks, they're going to take your money and they're not going to be happy about it. That's my opinion, for what it is.

**Mrs Caplan:** How much time is remaining?

**The Chair:** We have a couple of minutes, Ms Caplan.

**Mrs Caplan:** You asked a question in your brief that I'm certainly having trouble figuring out and I wonder if you have an answer for it. Sometimes people ask questions that they think they know the answer to. You say, "Why would the NDP government think the same bidders for the Windsor casino would work to coexist with horse racing?" I think that's a really good question and I'm wondering if you have any answers yourselves, or do you think it's just impossible?

**Mr MacPhail:** The Mirage Hotel was one of the original bidders. They contacted us and we met with them for a couple of hours. The reason they contacted us was that they were concerned about this horse part of the application, that they had to be sensitive to racing. The man was second or third in command for the Mirage and he had a brother-in-law who was in the horse business in Illinois and knew the impact of casinos on the horse business, so he came to see us.

He outlined more or less what a casino would have to do to keep the horse business viable. It was going to take a good share of their net profits that they were going to get from managing it, and they never did make a final application. They just backed out. I can't see how the other casinos are going to look after us to the tune of what we would have to be looked after to just stay even.

**Mrs Caplan:** So it's your feeling really that this NDP government's written off the horse industry if it goes ahead with this first casino in Windsor, that Windsor Raceway is in jeopardy and that it's written off those jobs in that part of the industry.

**Mr Stead:** Yes. What they have promised us, I guess you could say it would be like putting the wolf in with the chickens and telling him to look after the chickens. That's basically it. They're saying: "Here you go. The guy who's going to compete against you is going to look after you."



**Mrs Caplan:** The parliamentary—

**The Chair:** The time's expired.

**Mr MacPhail:** I just want to say one thing. We keep asking and they keep saying they'll look after us. I say: "What are you going to do? I'm a farmer. Are you going to give us a GRIP program for horsemen?" GRIP for the farmers is the guaranteed revenue insurance program and it guarantees you 90% of what you went for, for the last five years. Nobody's said anything about how they're going to look after us.

**Mrs Caplan:** You've had no guarantees.

**Mr MacPhail:** No, they just keep saying, "We'll look after you."

**Mrs Caplan:** Thank you.

**Mrs Cunningham:** I suppose I can just follow along in the same questions of my colleagues here. I'm looking now at the request for proposals; you've probably seen that. It states, "The casino complex will be designed and operated to complement—not compete with or overwhelm—the Windsor community." It goes on to say, "The casino complex must fit into the community and become a vital part of the city's fabric." This is published by the Ministry of Consumer and Commercial Relations. "In particular, proponents should take into consideration the impact of the casino complex on other forms of gaming, such as charitable gaming and horse racing." So you were really important because this is in part 2.

Then it goes on to say, "The casino complex is expected to work cooperatively"—and my understanding is that the government is very much a part of the casino complex, and with the responses we heard from the parliamentary assistant it expects to be there for ever, which I haven't heard before, but that is what we did get today—"with the Windsor Raceway, in particular, and to be sensitive to the Ontario horse racing industry, in general." Now that's the first document that was published on behalf of the government.

I'm wondering what has happened since that document was published with regard to "and to be sensitive to the Ontario horse racing industry, in general," and they're talking about the casino complex, which in my view is the government. What have they done so far?

**Mr MacPhail:** Well, if you get back to the interim casino, they entertained proposals for the interim casino. Windsor Raceway, I know, spent a good deal of money proposing an interim casino, as well as Devonshire Mall and the art gallery, and to my understanding it never came to the ones who make the decision. It came out of caucus that it was going to be downtown in the art gallery, so we figure that maybe the same thing will happen in the end. It will be passed by. We don't trust them; let's put it that way.

**Mrs Cunningham:** Your first complaint is the location. What have they done with regard to talking

about your arguments about taxation?

**Mr Stead:** As far as the Ontario Harness Horse Association, in which we do represent 6,400 workers in Ontario, it has never stated what it would do. The only thing we have is what you read in the proposal there, that the casino operators would look after us. The government has not told us anything about what it proposes to do in order to ensure that horse racing in Ontario remains viable.

1530

**Mrs Cunningham:** The casino complex didn't have anything to say about the interim location; that was a government decision. It's not their responsibility with regard to the one idea you've given them, and that is to take a look at the ultimate gain for the community, and that's jobs and are we really looking at the casino having gains and the horse race industry making significant losses with regard to the jobs, because Windsor is interested in jobs. I guess my last question would be, have you yourselves been involved in any major study with regard to the fact that Ontario racing is overtaxed? We're aware of Alberta and certainly Quebec: Alberta's at 5% and Quebec's at 4%. I'm not sure what Manitoba was. I'm not sure what their taxation level was. Are you?

**Mr MacPhail:** No, but they're out of business now anyway.

**Mrs Cunningham:** That's right, so it doesn't matter. But my view is that it's probably up there with the rest of them. I'm just wondering if you have made any formal application to the government with regard to the level of taxation, because it seems to me the only way to preserve the jobs right now is for your industry to take a look at that one argument. There doesn't seem to be another argument; I haven't heard one. Here's your opportunity to state it if there is one.

**Mr MacPhail:** We have not vigorously pursued it. There was a joint proposal going to the last government, just before the last election, but it wasn't carried through.

**Mrs Cunningham:** We have been made aware of the 1% in California, 0.75% in Delaware, 3.3% in Florida, 1% to 2% in Illinois, 1.5% in Maryland. We've certainly been made aware of those facts. I think, by the way, the parliamentary assistant's argument about the percentage taxation on wins in the States is like comparing apples and oranges, so I didn't pay much attention to that. But I think you should pursue it. We can't pursue it for you if you don't do it yourself.

**Mr MacPhail:** No, that's right; I agree with you.

**Mr Carr:** I want to get to the issue of jobs. If casinos come in in Ontario, how many jobs are you going to lose in your industry?

**Mr Stead:** Right off the bat, we estimate between 9,500 and 18,000 jobs.

**Mr Carr:** The government comes out with all these nice, warm, fuzzy statements about how we're going to work together and hope that it will somehow be so. Let me ask you this: Why do you think the government is going to put that many people out of work? Why are they doing it?

**Mr Stead:** Because they are looking for any way at this point in time to look after the deficit, and they're grasping at straws.

**Mr Carr:** Isn't it going to be self-defeating if we have all these people—the other people from the horse racing industry came in and said that we're just going to put them on welfare and the unemployment lines anyway. With that many people going on, and an average of 20,000 on social assistance right now, don't you think it's crazy to be on the one hand worrying about the deficit and the other hand putting people out of a job and putting them on the public payroll in forms of social assistance and unemployment?

**Mr Stead:** That's very true. We believe that 100% and we also have said today that the majority of these people do not have anything more than grade 12 education and many of them much less than grade 12 education. There's no other place for these people to go. When they're out of work, I don't know what kind of jobs you're going to find for them or what kind of jobs you can create for them. People have stated that we're a dinosaur, that we're a dying industry. If any industry had as much competition as we had, and unfair competition in that we are not just a gambling facility, we are an industry, it too would have declines at this point in time. But we are now seeing smaller tracks in very serious problems. We are seeing grooms, caretakers of horses, who had never had a problem with employment before not having any type of employment and phoning our office asking, "Is there anything you can do for

me?" It's happening already, and to continue to let it happen is not proper.

**The Chair:** Mr Stead, Mr MacPhail, thank you very much for presenting before the committee today.

Before we adjourn, Ms Cunningham, you said you had a question you wanted to ask of either the parliamentary assistant or research?

**Mrs Cunningham:** Yes, I did. My question had to do basically with the questions I was asking the last presenters. Have we in fact made any kind of study of the taxation levels in the provinces? I'm aware of three. I'm not aware of Manitoba. I think it's important that we know that so we can answer the questions if we're asked.

**The Chair:** You would like that information from research?

**Mrs Cunningham:** Yes. And have we taken a look at the question of reducing this level of taxation and what impact that would have on the horse racing industry and the end result of retaining jobs? Because one of their complaints has been that they haven't had the money to promote their industry and that they're overtaxed. I think that the question's worth pursuing and that it may be to the benefit of the government to take a look at that, because, after all, although we're looking at more revenues—at least, apparently the government is looking at more revenues—from gambling, the casinos, I would think that has to be balanced with the losses in the industry. I think the question's worth pursuing.

**The Chair:** Thank you. Research has noted that. I'm sure they'll get back to us with that information as soon as they can. If there is no further business, this committee is adjourned until tomorrow at 10 am.

The committee adjourned at 1536.



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## Assemblée législative de l'Ontario

Troisième intersession, 35<sup>e</sup> législature

# Official Report of Debates (Hansard)

Tuesday 24 August 1993

# Journal des débats (Hansard)

Mardi 24 août 1993

**Standing committee on  
finance and economic affairs**

**Comité permanent des finances  
et des affaires économiques**

Ontario Casino Corporation Act, 1993

Loi de 1993 sur la Société  
des casinos de l'Ontario

Chair: Paul R. Johnson  
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## STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Tuesday 24 August 1993

The committee met at 1008 in the Huron Room, Macdonald Block, Toronto.

ONTARIO CASINO CORPORATION ACT, 1993  
LOI DE 1993 SUR LA SOCIÉTÉ DES CASINOS  
DE L'ONTARIO

Consideration of Bill 8, An Act to provide for the control of casinos through the establishment of the Ontario Casino Corporation and to provide for certain other matters related to casinos / Loi prévoyant la réglementation des casinos par la création de la Société des casinos de l'Ontario et traitant de certaines autres questions relatives aux casinos.

REID SCOTT

**The Chair (Mr Paul Johnson):** Order. The standing committee on finance and economic affairs will come to order on the second day of hearings in Toronto. Unfortunately, we're starting a few minutes late and I apologize for that. I'd like to ask Judge Reid Scott to please come forward. Welcome to the committee, Judge Scott. You have 30 minutes for your presentation, a portion of which you may use for questions and answers from committee members.

**Mr Reid Scott:** It's an honour to appear before you. I've sat, over the years, on many committees but never appeared as a witness. Of course, as the devil said when he was appointed to the Senate, it's nice to be back in any case.

My presentation will be made in two sections:

(a) A verbal presentation under six headings which appear before you in writing, headed "Discussion Sheet."

(b) A written statement of recommendations also attached, designed to strengthen the legislation and chart a course for the future of gaming and gambling in Ontario.

I should add I have based my approach upon the assumption that the proposal will proceed in some form to final approval and implementation. Second reading approval, in my mind, has eliminated the issue of casinos or no casinos, and the committee should now focus on the following two points: first, identifying and developing strategies to minimize or eliminate any problems that the project creates; secondly, maximizing and strengthening the already positive qualities of your proposal.

My own personal recommendations appear on a sheet before you marked, "Written Recommendations."

I've just completed a four-month study of casino gambling worldwide and have found that it is far more

widespread than is commonly realized. Some 81 countries have casino gambling in one form or another.

However, I chose to limit my study to Austria, Europe, England, the United States, Australia and Canada. Each presents a different form of control ranging from Austria, where all casinos are owned and operated by the state, to the United States, where casinos are privately owned and operated but regulated by state gaming and gambling commissions.

Ontario has opted for an in-between concept where the casino licence will be owned by the new crown corporation and the building and operating will be contracted out to private interests on a tendering basis. This has both advantages and disadvantages in that while it saves the enormous capital outlay to build the facilities, it does add somewhat to the problem of controlling the operations of the casino.

While the permanent facility is being built, a temporary casino will operate from the Windsor Art Gallery and then transfer upon completion. I've reviewed some 20 economic and social impact studies in other jurisdictions plus the three studies previously released by the government, and now I've also been able to see the Coopers and Lybrand social and impact study.

I must admit that at first I was quite puzzled by the concept of the temporary casino, the need for it and what possible purpose it might serve since the conventional approach is a series of preliminary studies from which a document is prepared for implementation. I then returned to the 20 or so studies I had reviewed, picked out six of them and made inquiries as to how the actual products compared to the projections. Much to my surprise, the actual casinos that had emerged were in many ways quite different from the projected models, either through false assumptions or insufficient and imprecise data.

Looked at in this light, the temporary casino took on a very different rationale. Either through inadvertence or a stroke of genius, the temporary casino could be an actual working model. It would be a functioning casino with real people working it, real gamblers patronizing it and real police forces responding to problems of law enforcement. In this way, problems as they emerge could be studied and appropriate solutions designed and implemented. I now look on it as an exciting and highly innovative way of testing a paper model.

There are three major problems the current proposal will have to face and overcome:

First, the decision not to build or not to use the hotel in conjunction with the casino until occupancy rates in



other hotels reach 75% is a highly questionable one, in my mind. I have not been able to find a successful casino that is not incorporated as part of a major hotel complex. The reasons are simple. Gamblers come to casinos to gamble. If they are forced to leave the casino to go elsewhere for basic services, they may never come back. Gambling alone does not create tourism. If the attractions are already in place, casino patrons may take some time to see them, but their main consuming objective is to gamble continuously until their visit ends or usually until they run out of money.

Secondly, the Criminal Code prohibits dice or crap games, yet they produce 30% of the total take of a casino, and I understand there would be no bingo because of local objections. There is nothing that can be done about this, short of an amendment to the Criminal Code, but it is a serious impediment and I trust that the proponents have remembered this in their projections of potential income.

The third problem: the likelihood of competition from Detroit and New York state.

The proposal assumes that 80% of the visitors will come from the greater Detroit area. No report or data show how these figures were arrived at, but let us assume them to be correct. I believe that I can state with absolute certainty that Detroit will not stand by and see such a situation develop.

There are two proposals already being considered in Detroit: a major proposal called the Detroit Casino Gambling Report—I have a copy of this, which calls for 10 casinos phased in over eight years—and the second is the well-known Greektown project of the Chippewa Indians and two developers to designate certain lands as Indian reserves and contract out the building of a major casino to one of the largest casino operators in the USA. I have been in touch with the Washington office of the Secretary of the Interior as to the status of this proposal, and a decision is expected within the next four months.

Crime and its impact: This is probably one of the areas of greatest public apprehension. I have reviewed the two available reports, one from the Windsor police department and the reply by Niagara University. Essentially, there are three types of crime involved: crime inside the casinos, street crime outside and the fear of infiltration by organized crime. All of these three aspects have been thoroughly canvassed in numerous reports in many jurisdictions. From such reports, which represent many years of experience, Ontario can draw effectively upon their successful formulas in each of these fields.

Internal casino crime will essentially be handled by the casinos themselves. They have become very, very good at it over the years. They will need some outside supervision and police because the staff will not be police officers and have no powers of arrest.

Outside crime, larceny, mugging, purse-snatching, pickpockets, car theft, prostitution etc: Studies have shown that this type of crime, if not prepared for, may increase dramatically anywhere that there is a huge influx of people with cash in their pockets or wallets, Atlantic City being one of the worst examples, where increases of up to 60% were found. At the same time, when Disneyland opened, these crimes increased by 90% in its first year and subsequently have been reduced.

The techniques to deal with this so-called street crime are well known, but the most important aspect is one of public perception. It is vital not just to have sufficient additional officers, but that they carry a high public profile so that the public can clearly see and perceive that the area is a safe place to visit, one to which they could comfortably return and which they could recommend to their friends. A clear public perception of safety is essential because once perceptions are established, they are very difficult to change.

The Windsor chief has asked for 24 men, the university recommends 12, the province, I believe, has agreed to 10. This is based on the assumption of 10,000 visitors with 80% coming by car or bus. Clearly, the new force should be deployed in the downtown area in a control division, perhaps called the downtown community control division. In the end, it is really a matter of making a judgement call. My own preference, based upon my years of experience with the criminal courts, is the Windsor police chief's report because it is based upon actual field experience. In such a judgement call, I firmly believe it is prudent to err on the side of the larger police presence, both for the perception of the public and the practical task of crime detection and enforcement.

The dangers of organized crime infiltration: Over the years, other jurisdictions have developed what I conclude to be highly effective and sophisticated methods of dealing with this matter. I believe they will be effective here under the supervision of the OPP because of their greater communication with outside police organizations throughout the world and careful background checks on all personnel of the casinos, its suppliers and other companies associated with it, including junket operators. This, coupled with a strict licensing system, has proven highly effective in other jurisdictions.

Addictive gambling and video gambling: All available studies agree on one thing, namely, that casino gambling is the most potentially addictive of all forms of gambling. The council on compulsive gambling in New Jersey released its report in 1992 on people who had sought help for gambling, 72% of whom were addicted to casino gambling with average accumulated debts of around \$37,000. Not all people become compulsive gamblers and studies vary between 3% to 5% of

gamblers becoming addicted. However, the magnitude of the problem becomes more evident from an Australian study for Canberra, its capital, showing that for every one compulsive gambler, 10 other people are adversely and harmfully affected in the home or office.

In Ontario, we simply don't know, because despite the fact that gambling is a \$4-billion business, there has never been a province-wide study made to determine the percentage range of addictive gambling or the programs needed to deal with such a tragic social problem. All governments have the honour of sharing equally in this alarming omission of public responsibility. The Ernst and Young study which addresses this issue is a first-rate and honest piece of work and should be read from cover to cover. It makes no attempt to hide the seriousness of the problem, nor the fact that Ontario in general and Windsor in particular are totally unprepared to deal with the problem, its detection, recognition and treatment. But it is an excellent report and should be examined and its recommendations followed.

In fairness to all concerned, it should be admitted that the control of addictive gambling is an extremely complex issue, and every study ends with that classic phrase, "Much more research and data gathering are urgently needed to assess the extent of the problem and suggest programs."

#### 1020

Integration into Windsor's plans for economic redevelopment and tourism: The committee should seek an amendment to the legislation designating that a certain percentage of the profits be retained and invested in Windsor's regenerative efforts. It is imperative, I believe, that some of the money raised in Windsor should stay there for its own municipal purposes as decided by the local people, who are best able to make such decisions. The city, if it has not already done so, should be encouraged to set up a Windsor redevelopment corporation to draw up a master plan for the revitalization of the downtown area. The casino could cooperate with such a redevelopment committee and have power to make recommendations for the investment of a proportion of the profits into such schemes and in such amounts as are regarded as reasonable.

Coupled with this should be the development of a training program for Windsor citizens so that as many local citizens as possible can become employed in the permanent positions that will be created. This, I believe, will effectively allow the casino to make a meaningful contribution to the redevelopment of Windsor and would sustain local support and interest.

For reasons which I can elaborate upon in the question period, video terminal gambling outside the casino should be prohibited by legislation. One only has to read the Atlantic City report, which is a horror story. In addition, Nova Scotia has already withdrawn many of its terminals and Manitoba has authorized a \$2.4-million

study to examine and devise remedial programs.

Written recommendations:

(1) That the legislation be amended to permit the commission to retain a certain percentage of its profits for use in the community in which the casino is located. Such funds should be available as contributions to the upgrading and reinvigorating of the community; and that the commission be authorized to enter into agreements with local municipal redevelopment committees and make such contributions as may be deemed advisable, desirable and feasible in accord with local needs, locally defined.

(2) That the commission be clearly authorized to initiate all such studies as may be necessary to develop an effective program dealing with addictive gambling in Ontario. This project should be headed up by the present Ministry of Consumer and Commercial Relations, which in its study could call upon any other relevant government departments which have an interest in the area.

(3) That the advice of the Windsor police department as to the number of additional officers be accepted and granted, with costs paid by the provincial treasury.

(4) That the commission be authorized to encourage the initiation of training programs for local residents after consultation with the appropriate educational facilities in Windsor so that as many permanent jobs as possible will be available to the local residents.

(5) That the government of Ontario institute a province-wide study of gaming and gambling to assess its economic and social implications and develop a province-wide approach to this complicated business. Again, I would suggest the present ministry be authorized to take the lead, although the government may wish to initiate it in an independent study.

(6) That the casino corporation be authorized to construct a model of seven or more potential sites. It could then conduct a broad, comprehensive study of each site, its needs, the effect upon it of casino gambling socially and economically, the funds required and the programs and training needed. I obtained and read the Coopers and Lybrand study and it will obviously provide an excellent start to this type of investigation.

It is important to realize that what the commission must develop is an overall strategic plan for casino gambling in Ontario. Such a well-thought-out master plan will let the corporation develop a highly efficient, honest, well-policed, rigidly enforced casino program capable of success.

(7) Hopefully the government will continue negotiations with the aboriginal peoples and come to a resolution of how they fit into the overall gaming structure.

(8) The final recommendation is that the legislation be amended by specifically prohibiting any form of



video terminal gambling outside the casino until a full social and economic study is completed and subjected to widespread public hearings and a full parliamentary debate.

In conclusion, I have tried to set out some of the major problems which this committee faces, plus recommendations to deal with them effectively. I have not addressed horse racing or charities because I don't have the time, although I would welcome a question, and they, in any event, will be appearing before you. I am pleased that this is to be treated as a pilot project. If it is handled with vigour, caution and care, having regard to its enormous complexities, it gives this committee a truly unique opportunity to design a program specifically tailored for Ontario, one that with proper planning, local consultation and rigid but fair enforcement can prove highly successful.

I therefore conclude that given the proper changes to the legislation, the provision by the government for adequate funds and support staff, and based upon my own experience and study, the project, if treated as outlined here, is well worth undertaking and should be pursued. It can produce a result that will be socially acceptable and economically beneficial, with effective crime controls and adequate treatment programs.

I wish you well. In fact, I almost envy you in meeting and dealing with the exciting challenges that lie ahead of you.

Thank you. I'd be glad to respond to any questions.

**The Chair:** Thank you. We have about 12 minutes for questions. I'm going to start with Mr Drainville.

**Mr Dennis Drainville (Victoria-Haliburton):** I'd just like to thank Judge Scott for coming and for saying he's from Fenelon Falls in my riding. You've provided a very comprehensive report. I probably disagree with a number of points—

**Mr Scott:** I suspect so.

**Mr Drainville:** —but I would like you to, if you could, elaborate a little bit on just a couple of points you made, and that is, you gave support for the Adkin report on policing and you indicated that the government would be wise to comply with the recommendations that the chief of police has made in Windsor. That, I'd like you to speak a little bit more about, and the last recommendation that you made as regards video lottery terminals, if you could perhaps expand a little on that.

**Mr Scott:** I'd be glad to. All the studies show that the increase in the police force actually to be most effective should be in place and trained one year prior to the opening of a casino. There isn't going to be time, obviously, to do that in this case, since the casino is going to open New Year's Eve, so it is important to approve the strongest possible force and to get as much of its training completed and in place and visible by the opening period of time. I really believe that in a matter

of this kind, policing is so important, both for perception, as I have said, and because of the other aspects of police enforcement, that you will be very well advised to err on the side of prudence and grant the larger quantity.

With respect to video gambling, you only have to read the state of New York commissioned study, which I will give to the clerk for printing and redistribution—and it's a horror story. It's the one area that is very, very frightening. It is impossible to police, very difficult to detect and has an enormously addictive influence, particularly on young people who steal from their parents and take money from home and spend their time in the arcades. The machines can be, with a flick of the switch, changed from a Pac-Man to a gambling terminal. You cannot enforce it, you cannot prosecute unless you find the person actually engaged in the criminal act itself, and of course that is virtually impossible.

In fact, the video gambling New Jersey report—they couldn't even agree on recommendations. They argued and argued and argued, and they finally said: "Here are all the problems. Here are all the dangers. We'll throw it back to you. It's a purely public policy decision at this point."

**Mr Monte Kwinter (Wilson Heights):** Judge Scott, I want to thank you for your report. Contrary to what Mr Drainville said, I agree with most of what you've said, and I find it interesting.

I'd like to just spend a minute on one statement that you make. You say that gambling alone does not create tourism. One of the concerns that I had in my hearings in Windsor is that deputant after deputant appeared before us to talk about these 4.7 million people just across the river, that if they only had gambling they would get them all into Windsor, or a good chunk of them, to encourage and to stimulate the economy of Windsor.

My question then, as my question is now: If they're there—they've been there for some time—why aren't they in Windsor now, and is it only the gambling that's keeping them out?

The answer was—I'm paraphrasing—"Well, they're not coming, but with the gambling they will come."

You seem to have found in your study that gambling alone will not create tourism; it has to have more than that. Could you expand on that?

1030

**Mr Scott:** Yes. They did a very extensive study in Australia when they were going to introduce casino gambling in Canberra, the capital, and they found, after a two-year study, that the casino alone would not attract tourism, and so they ended up with a very complex program of a hotel, an entertainment centre, a casino as part of it, restaurants, arcades and all of that sort of

thing to regenerate the capital itself.

All the studies that I have seen say that casino gambling alone—gamblers are not interested in going around buying cigarette trays and that sort of thing. They go to gamble and that's all they're interested in. They want to stay there and pull the machines and work them for all they're worth. If time permits and there are other attractions around, maybe they'll go and look at them. But gambling casinos alone will not bring tourism. If tourism has other attractions, yes, then maybe they'll go and look at them. But their main attraction is to gamble.

**Mr Kwinter:** Then that brings me to the question about your concern about the fact that the casino will not be allowed to open its hotel until there's 75% occupancy in the hotels in Windsor. I don't know exactly over what period of time—does that mean there has to be at least one day in the year that there's 75% occupancy or there's got to be three months consecutively or two weeks or a year or whatever it is—but how does that fit in with your observations?

**Mr Scott:** I haven't the faintest idea of what it means. I don't know they're going to regulate that or decide when the magic time comes that the rate is 75%. But you see, the purpose of the hotel is very simple. The hotel is there to keep the gambler there. They go to the casino, they take a room, they gamble for five or six hours, they get tired, they go to a restaurant, they go back to their room and they have a sleep. Then they go back and they gamble for another five or six hours, waiting for the magic moment when that great payoff will take place. So the purpose of the casino associated with a hotel is to keep them there, not have them wandering around the city.

I don't know the answer. I don't know where the figure of 75% came from. I don't know how they're going to establish it, or if it is once reached, does it come off and on? It's, to me, very vague at the moment. I think it needs a lot of fleshing out. But at the moment, I think it's a serious error, and to me, personally, it doesn't make much sense.

**Mr Ernie L. Eves (Parry Sound):** Just to follow up on Mr Kwinter's question, you refer on page 3 to three major problems that you see the casino project will have to overcome. You talk about the hotel and the highly questionable decision, as you put it—it seems to be a direct contradiction to what the city of Windsor perceives, having spent last week there and listened to many people, as to what they'd like to see the casino do for the downtown core of the city. They're quite adamant that they want to protect their existing restaurants, their existing hotels etc, etc. As a matter of fact, we heard delegations suggest that the size of the restaurant or restaurants in the casino should be rather limited so that people would be forced to go outside the casino complex. You see to be saying exactly the opposite. So

I'd like you to talk about that contradiction, if you would.

I also go to your third major problem about the strong likelihood of competition from Detroit and New York state. What, in your opinion, would happen to the Windsor casino project if in fact some of the fears, I suppose, from the city of Windsor are proved to be founded and there indeed is some serious competition from across the border?

The last thing that I'd like you to comment on is your recommendation 1. We heard many delegations in Windsor talk about direct revenue-sharing by the municipality, as indeed I believe is the case in most other jurisdictions, if not all, in North America. What would be your thought on a direct form of revenue-sharing by the municipality from casino revenues, a percentage, as there is in many other jurisdictions?

**Mr Scott:** Yes, thank you. I followed your speech in the Legislature on this, and I thought you made the points very well.

**Mr Eves:** Thank you.

**Mr Scott:** The Detroit study that I referred to is an enormous document. There are only two in existence. I phoned the authors of it, one of whom was a former judge, and they let me have a copy of the report on promising to mortgage my house to guarantee its safe return. They indicate in there that if the original referendum had included a clause, as it did in Atlantic City, that a portion of the moneys would be allocated for homes for the aged, youth studies for drugs, disabled people, or even contributions towards the reduction of municipal taxes, the referendum would have carried 60% to 40%.

My own view is that Detroit will not sit back and see this happen. It's not going to see an influx of people come here. One of the authors is the chairman of the state Republican committee and he assures me the governor is very much in favour of casino gambling. So when the new mayor takes office, it is anticipated there will be a new referendum, one which in all likelihood will pass. Remember, that will be full-blown casinos just like Vegas and Reno, not the more restricted version we have here. I think the threat is very real, and you don't have that long to prepare for it.

The second point was what?

**Mr Eves:** About the contradiction.

**Mr Scott:** Oh, about the restaurants. I can understand why the restaurant people in Windsor want to protect that sort of thing, but you'll have to wait and see what the proposals are from the applicants, because unless they can see an economically viable proposal, they're not going to make one. They're going to insist, I suspect, upon adequate provision for people who come to their casinos to gamble. It may not be as elaborate as they would like it—you may wish to restrict it—but you



simply will have to, I believe, give the kinds of services that people who go to casinos want—restaurants, beauty parlours, the whole ramifications—because that's what they've learned to expect in casinos everywhere else in the world and I suspect that's what they're going to want in casinos here.

While it's going to be a difficult mix to work out, I think the city of Windsor must realize that it is going to be in a competitive position with the casino to some extent and it will just have to market its skills greater and do the best it can to meet the challenge that the casino complex might present for it.

**Mr Tony Martin (Sault Ste Marie):** Just a quick question, because my colleague has one as well. I also want to laud you on the presentation. I think it was excellent. It reflects a lot of work and thought on this subject. You raise some really interesting issues that I would love to have further conversation about with you, because we're interested in a casino in Sault Ste Marie too; that's the city I represent.

The issue of competition—Detroit ultimately getting one and the casinos that are already out there; in my community a casino across the river is already in place—is one that I think we need to address and be honest about. Certainly, the other really important issue is the question of policing.

However, if you tie the two together, I can see us maybe coming to some advantage for Ontario operations. I think right now, communities like Detroit and Atlantic City are seen to be dangerous by folks who go there. I spent a week in Windsor and I was told by lots of people that going across the river to Detroit was a chancy thing to do, so I chose not to, even though I wanted to have a peek, have a look. I've never been there before.

Our communities, my own community and the community of Windsor, I think pride themselves on the safety of their streets, and I think if we do a good job of that, we could put in place a casino that would be beneficial to the whole community, because people will be free to wander and go to other hotels and stay and shop and do those kinds of things.

1040

The government is clear in saying that it will provide whatever policing is necessary. There will be discussion ongoing between ourselves and the police force of Windsor. The art gallery will provide us with an opportunity to try that out and see how that works out.

Do you have any further comment on the advantage that we might have because of the safety factor? If we can maintain the safety perception out there, could we in fact overcome some of the competition that ultimately will come from a casino setting up, say, in Detroit?

**Mr Scott:** You might be able to, but it may be very difficult because the casino project in Detroit will be 10

casinos phased in over eight years all at one site, and for each new casino that opens they add 50 constables to the police force. They have become very expert in this whole business of control of crime around casinos based on Vegas and Atlantic City.

Your assumptions, as I read them, are recapturing people who go out of town to gamble at Las Vegas and Atlantic City plus 80% coming from the greater Detroit area. Whether you will recapture the people who like to go to Vegas on the junkets, I don't know. You may get some of them but it's quite a thing, you get a free ride and all the rest that goes with it. They're very popular and they're very hard to resist, but you may recapture some.

Detroit does not have a good public image, I admit, but they are working on it and, if adequately policed over the years, I suspect they will slowly reverse that.

Windsor, because of the restrictions—for example, you can't have a dice table. Now, dice tables produce 30% of the income. It takes 8 or 10 blackjack tables to equal one dice game. You don't have that, yet that's part of the excitement of the casino, the dice games and the excitement it generates. So they will have a lot of attractions that Windsor won't be able to provide. It's going to be a tough marketing job. I think Windsor has its work cut out for it, frankly.

**The Chair:** Unfortunately, our time has expired. I want to thank Judge Scott for presenting before us today.

**Mr Scott:** I'd like to file that video gambling material, Mr Chairman, if you'd be good enough to have it distributed at some later date. Thank you for the honour of appearing before you.

**The Chair:** Thank you very much.

#### CANADIAN FOUNDATION ON COMPULSIVE GAMBLING

**The Chair:** Our next presenter today is the Canadian Foundation on Compulsive Gambling. I understand that there are a number of people representing this foundation, if you would please come forward. Please make yourselves comfortable. You have 30 minutes for your presentation, of which you may leave a portion for questions from the committee members. If you could identify yourselves, please, for the purposes of the committee members and for Hansard.

**Hon Paul Hellyer:** Thank you, Mr Chairman and members of the committee. I'm Paul Hellyer and the chairman of the Canadian Foundation on Compulsive Gambling. On my right is Tibor Barsony, the executive director of the foundation, and on my left is Dr E. Ralph Pohlman, the chief of the department of psychiatry at Markham-Stouffville Hospital, who is the chairman of our treatment committee.

I thank the members of the committee for the opportunity of expressing some views and some concerns

about Bill 8, the Ontario Casino Corporation Act.

Perhaps just a bit of background about our organization: The Canadian Foundation on Compulsive Gambling was founded August 15, 1983, and its objectives include education, public awareness, research, counselling and referral, as well as the promotion of the provision of diagnostic and treatment facilities for pathological gamblers. We've had 10 very difficult years but have survived with help from the Ontario Ministry of Community and Social Services and also some private funding from some of the banks and major corporations.

We've made, during this period, much progress in some areas. For example, in education and public awareness we have made considerable progress, although I would believe that even today, notwithstanding our considerable efforts, this is probably the least understood of all of the mental health diseases, that pathological gambling is the least understood and appreciated.

In some other areas, we have not made satisfactory progress and that would be particularly in persuading governments of various stripes to provide diagnostic and treatment facilities in the province of Ontario. This is a matter of deep concern to us, which we will come back to later. We certainly hope that these facilities will soon be available.

The Canadian Foundation on Compulsive Gambling I should say is not opposed to gambling per se. We know that gambling is as old as history and accept the fact that it is a form of entertainment. At the same time, we are deeply concerned about the increased emphasis, about new forms of gambling being introduced, about easier access and about government promotion of gambling. This concerns us because we see the dark side of gambling, of the industry. There are so many tragic cases of people who get hooked on gambling and who lose family, fortune, sometimes even their lives as a result.

For some time we could refer the desperate cases to US hospitals for treatment. When we could, they went to a hospital and went through something similar to the drying-out process for alcoholics: three or four weeks of drying out, including psychological assistance. When that happened and they then joined Gamblers Anonymous, which is the parallel to Alcoholics Anonymous, the results were very good. Unfortunately, we are no longer able to do that because OHIP changed its regulations and the amount of money available per diem now is insufficient to pay for that kind of treatment, so only a very, very small minority of people who have rich backing of some sort are able to receive treatment.

There are no facilities here despite the very great need. As an aside, if Canadians were really very clever and as concerned about our balance of payments as we should be, we would have developed tremendously

effective facilities here. Because our costs are lower than the United States, we could have had the trade coming the other way and taken in quite a few American dollars as a result of it.

The actual number of pathological gamblers in Ontario has never been scientifically established. Based on US experience, it's probably between 1.5% and 2.5% of adult gamblers. This means, in terms of numbers, tens of thousands or perhaps 100,000 or more in the province of Ontario. At this very moment we are doing a study with help from the Ontario Trillium Foundation and within a few weeks we will have some data for the first time in the history of the province.

The government of Ontario is financing a similar study for Windsor which it will use for comparison purposes to determine the effects of the casino there. These two studies will provide the first hard data that we have had to work with. It will be of value to everyone who is concerned in all of the various disciplines.

The Coopers and Lybrand study, which you're familiar with, commissioned by the Ministry of Consumer and Commercial Relations, paints a very rosy picture of the benefits of seven casinos for Ontario. It cites potential profits of about \$850 million and estimates 13,000 person-hours of employment and about \$600 million in labour income that would be generated. This is the plus side. The negatives are not adequately stated. For example, just because gambling is being legalized in other jurisdictions is insufficient reason to do the same here. It is less than credible that the expansion of casino gambling would benefit pathological gamblers by providing honesty in games, more security and consistent odds. Whoever wrote that was dreaming in Technicolor. More casinos will not only result in greater crime, but will also create a greater incidence of compulsive and pathological gambling, with its incalculable economic and human cost.

#### 1050

Most distressing, I guess, is the fact that gambling is not a wealth producer; it is just another tax. The Coopers and Lybrand report states that after deducting operating costs from the casino and providing for winnings, gamblers would lose about \$2.3 billion a year. This is a whopping big tax, especially when it applies to so many people who can't afford it.

In a word, it seems, at least to me personally, that the introduction of casinos reflects a kind of moral and intellectual bankruptcy. If I could be permitted a personal note, because this is not foundation policy, if our economy were properly operated, there would be no need for this kind of revenue-producing operation. I think that if the province had sued the Bank of Canada for that portion of its deficit which is due to the induced unnecessary recession, not only would the bank have been able to pay a judgement of a few billion dollars without blinking an eyelash, but we would have been



able to get the whole subject of how our economy is operating into the courts, where it would be treated objectively and where, I assume from my experience, for the first time the whole matter of the operation of our economy would be taken seriously by the popular press. Instead, we get all of this bleak information about the future, and we're told that the earth is flat and there's not much that we can do about it. That bleakness includes, in our opinion, the fact that casinos are on their way and that, no matter what anyone says or what alternatives are proposed, we're going to have casinos.

Consequently, our main purpose here today, I guess, is to urge members of this committee to recommend that a substantial proportion of the revenues from casinos be allocated, first, for information to warn citizens, and particularly young people, of the consequences, the potentially disastrous consequences, to their lives of getting hooked on gambling, and, secondly, an even larger proportion of the revenues to be diverted for the provision of diagnostic and treatment facilities, because this is going to be a very expensive operation in the years to come. An American expert has indicated that pathological gambling will be the mental health disease of the next decade. We're going to have to spend a lot of money and a lot of effort to cope with it. I think this is the least that can be expected from governments where policies lead inevitably to such tragic consequences for the unfortunate minority.

I'd like to ask Tibor Barsony now just very briefly to amplify the necessity for the diagnostic and treatment facilities, because he's in the front line. He's the one who gets the distress calls, who has to talk to the people when they're at their wits' end and who knows best just how serious this situation is and how desperate it is to have proper treatment facilities for it.

**Mr Tibor Barsony:** Mr Chairman, ladies and gentlemen, I did not make a speech. I will try to be brief, just to tell you what's in my heart. Besides being the executive director of this organization, certainly I'm very proud to tell you that in a certain way it's a shame that I am the only certified compulsive gambling counsellor in the province of Ontario.

Besides fulfilling the executive director's job workload, I am the one who, as Mr Hellyer said, is sitting in the front line and facing on a daily basis the hundreds and thousands of people who become affected by this medically recognized illness and develop to be pathological gamblers, facing their families, may they be their wives or husbands or children or parents, their employers, the employee assistance programs, the clergy and even medical doctors who refer patients to me because they are helpless against them. It is true that the Health ministry advocates that there are associated illnesses of these people which can be treated in any mental hospital or any psychiatric ward of a regular hospital. The specific personality disorder, the specific

illness of the pathological gambler has to be treated in a specialized clinic.

There are over 75 specialized pathological gambling treatment clinics in the United States. It's absolutely necessary and vital to have at least one as a pilot project in Ontario, and then even more as need will dictate it. Nova Scotia already has six treatment facilities. The small state of Iowa, where gambling is not legalized, has treatment clinics in 13 different hospitals.

I can't tell you the devastating effect this illness has unless you come to my office and see it: the totally broken-down families, the suicide attempts, the children and wives on the welfare rolls or skid row, the broken hearts of parents without any help, without knowing what is really happening with them. That is a direct result of the availability of gambling.

I am not going to blame the casino industry for it, because we don't even have a casino yet and we have many compulsive gamblers. However, the casino project brought the gambling problem into focus in the public eye as much as into the eyes of the government.

We've been fighting for years to receive some moneys from the Ontario Lottery Corp revenues. We've appeared in special committees such as this and we've been turned down because the laws were made much earlier and we can't change them.

Ladies and gentlemen, you are making the law now. Please, for God's sake, don't ignore this problem. In your paragraph 3 and paragraph 7, include our organization. In your paragraph 13, where you are talking about allocation of payments of revenue, please now put in what percentage of the revenues of the net profits, either on the government side or the casino operator side, should go to social care, to education of the general public of this problem, to further research into this problem, treatment of those suffering. Please let us have some measure of prevention of this devastating illness and addiction of the 1990s. It's coming up.

In paragraph 16, let us make not only those who are minors guilty of being in the casino but those who let them in. Let's make the casino operators and the rule-makers responsible for it and let the money—fines you may levy on the casinos for misconduct of any type—go for this noble cause as it goes from the casinos of Atlantic City to the tune of half a million dollars every year. That's another source.

Let us make the rules and laws now of many other aspects which I can talk about from here till tomorrow morning, which none of us have time for. I wish we could, and I will do my best, but please, for God's sake and the sake of the thousands and thousands and tens of thousands of people who are suffering from this illness and will suffer from this illness, make the law and make the rules now.

**Hon Mr Hellyer:** Thank you, Tibor, for your

passionate and eloquent portrayal of the situation as it is and as you know it will be in the years to come. I'm going to ask Dr Pohlman if he'll just take a couple of minutes, because he also is in the front line. He treats a number of pathological gamblers and can give you some indication from his own experience of just what he faces on a daily basis.

1100

**Dr E. Ralph Pohlman:** Thank you, Paul. Good morning, ladies and gentlemen. I'll make this very brief. I'm chief of psychiatry at Markham-Stouffville Hospital and for many years was on staff at Sunnybrook hospital as well. Like many things in this world, I accidentally got a patient about 10 years ago who was a pathological gambler. I didn't know very much about pathological gambling, but I found that not many other people did either. I did some reading and contacted a few people and started treating this man and then became interested in the disorder and through that became involved with the Canadian Foundation on Compulsive Gambling.

As a result, I now see I think probably more compulsive gamblers, or what I prefer to call pathological gamblers, than anybody in my position probably in this country, most of whom come through the Canadian Foundation on Compulsive Gambling, although I get a lot of calls from families, lawyers, clergy, employers, that sort of thing.

By the time they get to me, they are in deep trouble. Many of them have lost their family, their house or business, or have made their first suicide attempt, which is often the way they get to me. All I want to say—much has already been said by Mr Hellyer and by Tibor Barsony—is that I think we need to pay attention to the social fallout. I'm not personally opposed to gambling. I belong to a little poker club where I get together with some guys fairly regularly myself, but I don't think it's compulsive.

I think of compulsive or pathological gambling or any addiction as the difference between "may" and "must." "May" means that at the end of the day I may go home and have a drink; "must" means that when I go home at the end of the day I must have a drink. The pathological gambler must gamble. The ones I see sometimes specialize and play only poker or only go to the track. There are others who will gamble on two raindrops rolling down the window; they will bet on anything. These people are heavily addicted. We need to pay attention to the fallout, the fact that with gambling, with the increase of gambling, there undoubtedly will be more people who have problems with gambling, and with video machines they will be younger. I think of video games as the hard-core porn of gambling.

But we have to make provision. I would ask that funding be provided for the foundation on compulsive gambling, so that it can be put into research, treatment and treatment facilities, because there will be social

fallout. I think that responsibility and the responsibility for recognizing that side of this industry lies with you. That's really all I have to say this morning.

**Hon Mr Hellyer:** Thank you, Dr Pohlman. Any of us would be pleased to attempt to answer any questions that members of the committee may have.

**The Chair:** Thank you very much. We have about 10 minutes left, so we have time for some short questions.

**Mr Drainville:** Just one very short question: Thank you for that very good response. You indicated before that there has been difficulty continually in getting funding for the foundation. With the expansion of gambling, more and more lotteries, now into casinos, perhaps further into video lottery terminals at some further date, the concerns that you express are real. What are you talking about in terms of your needs right now? What kind of figures are you looking at for being able to respond to this very rapid influx in the gambling possibilities?

**Mr Barsony:** May I reply to this? Our request, and we have budgetary documentation and plans, is that to keep our Toronto office in operation would require \$175,000 a year. I demand, not request, to have an office of the foundation set up in every city where there will be a casino opened up, starting with Windsor. We already have a very capable gentleman under training in the United States to become a pathological gambling counsellor who will head the Windsor office. We are estimating \$125,000 to keep the Windsor office or any other office in any other city, may that be Sault Ste Marie or Ottawa, and we will need approximately \$700,000 to open up the first such specialized pathological gambling treatment clinic, preferably in the more densely populated metropolitan areas. What we will need further to that, some additional outpatient clinics, whatever, is unknown. We have total presentations for all these figures and proved out what I have been presented totalling \$1 million.

**Mr Eves:** Mr Drainville's already asked one of the questions I was going to ask, so I'll go on to the next one. We've heard various witnesses appear before the committee and say: "There already is gambling in the province. There's gambling in terms of horse racing and there's gambling in terms of lotteries." They almost seem to dismiss the responsibility of government to deal with the societal costs that government, in part at least, helps to create.

How much of a factor—I realize this is probably a very difficult question for you to estimate or answer—will casino gambling in the city of Windsor and, indeed, in the province of Ontario be, with respect to compulsive gambling? Would you prefer that there be a direct allocation of funding to deal with these societal costs provided for in Bill 8?



**Hon Mr Hellyer:** I think, first of all, I'm probably the only one around here old enough to remember when George Drew decided to open up liquor outlets across the province. He said it would not increase consumption. I think any of you who read your yearly statistics will know that proved to be an inaccurate prophesy. There is no question that extra outlets of any kind—the introduction of new forms of gambling, Sport Select, casinos, whatever—will increase the amount of gambling and increase the percentage of people who gamble.

We also know from experience in the United States that the ratio of pathological gamblers is more or less constant, so that if you have 80% of the adult population gambling instead of 50%, you will have that many more tragic cases to cope with. So any new sources, any new outlets, any increased publicity is going to result in more cases and, consequently, greater costs as we go along.

The figures Tibor gave you are initial figures just to get one little four-bed treatment clinic opened. Now, that is almost experimental in nature. Once it's opened and you see what the need is, the amount of money required is going to rise exponentially.

If I could just mention the Ontario Jockey Club, which has cooperated with us very considerably over a period of time, it said to us two or three years ago, "We would be pleased to put your phone number on our racing forms," as they do in many places in the United States. "If you have a problem gambling, phone this number." But we had to say, "No, thanks," simply because Tibor can't answer all the calls he gets now and we must have extra counsellors in order to cope with it.

The figures he used are sort of basic figures for the office operation, but once you get into these diagnostic and treatment facilities, the initial cost is going to be what he stated, but after five or 10 years down the road, you're talking about very substantial amounts of money.

1110

**Mrs Irene Mathyssen (Middlesex):** Thank you for the presentation. I'm quite interested in some of the things you have to say, but I need some clarification, because I am a bit confused by some of that. Basically, you mentioned the Coopers and Lybrand study. I'm wondering if you're familiar with the Ernst and Young study. Basically, is it a good first step? It takes a look at the effects of gambling. Is this overdue? Is it a good first step?

Secondly, Dr Pohlman, you said that a compulsive gambler would gamble on anything; it's a disease that sort of takes over. In connection with that—

**Dr Pohlman:** Actually, I didn't say that. Some will.

**Mrs Mathyssen:** Okay, but they'd gamble on raindrops, whether they'd fall or not.

**Dr Pohlman:** Some will.

**Mrs Mathyssen:** Some will. So it's a disease that

sort of becomes a compulsion. Getting back to what was said about the Ontario Jockey Club offering the phone number, since we need to identify the problem, should the horse racing industry, lotteries, bingos, all share in addressing this problem and if so, is it a monetary sharing? Secondly, how can the government be part of this? What should we be doing? You mentioned clinics. Is there more? Is there a specific way, a specific role for government in this?

**Dr Pohlman:** Sure. I'm not sure where to start with this. Let me say that we feel we have to have a kind of a seamless, if you like, progression of information for people who are gambling and who may have trouble with gambling.

New Jersey, for example, has the number of a problem-gambling association on the lottery tickets and that sort of thing. As Tibor has said, we have discouraged having that because we couldn't handle all the calls, but we do believe there has to be a system by which people who get in trouble with gambling can know where to go; can be assessed. If they need treatment, that can be formulated for them because it can be different for some people who are gambling addicts.

When we were talking about having a four-bed treatment facility, the fact is that many gamblers that you see may be treated as out-patients. You can provide them with supportive care, social work, get them into treatment and they can go to Gamblers Anonymous.

There are people who need to come in for almost a detox kind of program because you can't get them in for the out-patient appointments; they're at the track. You need to have a time when they can be removed and get into some fairly acute treatment.

Along with the fact that about 30% of pathological or compulsive gamblers—the terms really mean the same—are cross-addicted—that is, they're cross-addicted to alcohol, drugs or some other kinds of addiction; many are very heavy smokers and there tends to be eating disorders in some of them—often by the time you get them into treatment, they're in poor physical condition because they've essentially neglected everything except the gambling.

I haven't quite answered your question: Where should the funding come from? I suppose I should say I don't care. We know we need to have funding so that we can have a system whereby people can be assessed, where they can be treated if they need to, where there has to be a central kind of clinic, and if that can come from the casinos or from the gambling facilities themselves, that could be fine. That's done in many states in the United States. I think in Illinois, each racetrack has to provide—I've forgotten the number—I think it's \$40,000 a year from each track. I think it was in Wisconsin there was I think a quarter of 1% of the unclaimed winnings—I'm not sure about that number.

I think all commercial gambling operations need to share in this because the fallout comes from all of them. I have said that there are gamblers who specialize. I may see someone who—that's all they do. I had a patient who—there was not a single day in the last 15 years that he had not been at a racetrack somewhere, and that's all he did. There are those who only play poker and they know every poker game that's going on in Toronto at the back of which restaurant, where the restaurant closes and the game opens at 1 o'clock. These guys know every game that's going on. I say "guys" because most of them are men, although the incidence of women is rising over the last, I guess, three or four years.

There are those who are multiple gamblers. In the spring, they start dropping out of GA, Gamblers Anonymous, because the anxiety and the pressure is enormous at that time. The NHL playoff games are on, baseball is starting, the basketball playoffs: All the sports are starting and the anxiety and the addiction just grabs them and they start dropping out and start gambling again. These are the people who gamble on multiple things.

**The Chair:** Thank you. I have to interject there. Mr McClelland.

**Mr Carman McClelland (Brampton North):** You have provided, in part, a very passionate, as Mr Hellyer said, a passionate, eloquent review of some of the personal costs, if you will, associated with compulsive gambling. Not taking anything away from that, I'm wondering if you have any data that would somehow provide us with a measurement of the net costs to our social systems, our health care system and any projected increase in those costs.

Further to that, is the government, to your knowledge, conducting or has it conducted any similar research and is it providing funding for that type of research—secondly, funding for treatments and the research and development that would be required to provide a network of social services and education programs that you project will be needed as a result of increased gambling in this province?

I guess the question is twofold: Can you put some numbers on it, hard numbers? Are you aware of the government doing that, either in the past or currently doing it, and any information it might have that it hasn't made available to us and, secondly, with respect to that, providing any research data funding for education and treatment?

**Mr Barsony:** I've got it.

**Mr McClelland:** Thank you, sir.

**Mr Barsony:** As far as the cost concerns, because we never had funds for any research, we have to rely on US research. Quite some time ago—10 years, in 1983—a US congressional study put the cost to the US econ-

omy of compulsive gambling at over \$10 billion annually. You can draw your own conclusions.

When we're talking about costs, let me just—a few things. First of all, there is an immediate welfare cost because many people lose their jobs; as a desperation stage of their gambling career, they go and do something wrong. Then there is the treatment cost which costs OHIP hundreds of thousands of dollars to send them to the United States, and it will cost us to set up a clinic here, I just named \$700,000 a year.

Many of them end up, because of lack of education and early recognition, committing criminal activities. So you can draw your own conclusion. I am called on a daily basis to different correctional institutions in the province of Ontario to deal with those who are seeking help and finally recognizing the criminal activity caused by a gambling problem. I am regularly called to courts to testify as an expert; parole, probation.

That's a tremendous cost there in keeping people in prison and unless these people receive proper treatment when they're released, I give you a written guarantee that every single one of them will go back to prison. So we're acting as prevention as well, crime prevention in this matter. The costs of embezzling money, the costs of family—it's almost insurmountable; the costs of loss of productivity, studying the racing form in the washroom or calling in sick because you've been at the casino till 4 in the morning. It's really not measurable other than comparing to that \$10 billion.

**Dr Pohlman:** We don't have the hard figures. We don't know the numbers.

**Mr Barsony:** As far as the Ontario government is concerned, we've been putting in a tremendous effort in the past 10 years—

*Interjections.*

**Mr Barsony:** I'm willing to answer if you're willing to listen. We've been putting in tremendous effort to the government and Mrs Caplan would know because we dealt quite some time with them, but their hands are tied. I can't force the Health ministry, which has the AIDS and the cancer and this and that, to a new project. It's almost impossible, regardless of how hard I feel this is equally important.

So absolutely nothing we received, other than once the Health ministry gave us \$5,000 to take a couple of medical professionals to study this treatment in the United States, which we did. We've been receiving from the Ministry of Community and Social Services a \$75,000 annual service contract in which it very clearly indicates that with the end of this fiscal year of March 31 it will be over and out, which will certainly put the padlock on our doors.

I think some of you ladies and gentlemen must remember that a couple of months ago I sent a letter to Premier Bob Rae and copied every member of the



Parliament on it where I tried to get away this tremendous burden of taking away from the cancer problem, taking away money from the child abuse problem, to give the money from the unclaimed funds of the lottery corporation—which is not your money, so you don't have to take it away from the government. It's the gambling public's money. Let's put in a referendum and ask the public, would they mind if from that \$15 million, \$20 million, \$25 million which is every year unclaimed and put back into the pot in January or February you take \$1 million to aid this problem? I received about 30 positive answers from among yourselves, and that's the end of the story because nothing happened.

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It will increase. Casino is considered the hard-core type of gambling and proportionately it will increase the number of people who participate in gambling. But this is the time that it is in the public eye, it is in the eye of the government, and this is the time we have to make sure it will be included in this law and we won't be told five years from now we can't change it.

**The Chair:** Unfortunately, our time has expired; in fact, we're several minutes over. But I want to thank you very much for presenting before the committee today.

**Hon Mr Hellyer:** We want to thank you once again for the opportunity. We appreciate it and we're counting on your recommendations when we read them.

#### CANADIAN STANDARDBRED HORSE SOCIETY

**The Chair:** The next presenter today before the committee is the Canadian Standardbred Horse Society. Ted Smith, the general manager and registrar, is representing that society, if he would please come forward.

Mr Hellyer, before you leave, you've left one of your rubbers here, unfortunately, and I just thought I'd better bring that to your attention.

**Hon Mr Hellyer:** Thank you very much.

**The Chair:** You're very welcome.

I regret that interruption, Mr Smith. If you would please make yourself comfortable, and you have another person with you today, if they would be so kind as to identify themselves for the committee and Hansard.

**Mrs Heather Reid:** Heather Reid, secretary-treasurer of the Canadian Standardbred Horse Society.

**The Chair:** Thank you very much for being here today. You have 30 minutes within which to make your presentation and field some questions from the committee members.

**Mr Ted Smith:** Thank you, Mr Chairman and honourable members of the committee. It is a privilege to be here and I do thank you for affording us this opportunity. With me is Mrs Heather Reid, who is the secretary-treasurer of the Standardbred horse society.

Mrs Reid won't be speaking, but if there are any questions that might be better responded to by her, she will gladly answer them for you.

I'm sure that the clerk has handed out to you a copy of my presentation. It isn't a long one, it's about a three-page one.

We're not here, obviously, to praise the government for its decision to implement casinos in Ontario; rather, we were against it. I should explain who we are, and that is the Canadian Standardbred Horse Society. A Standardbred horse, for those who may not know, is a horse that races with a harness and a sulky attached to it, which is in comparison to a Thoroughbred that races with a saddle and a jockey on the top.

The Standardbred horse society represents the breeders across Canada, of which 60% reside in the province of Ontario. In fact, we have 5,850 members in this massive province of Ontario who breed, raise horses and sell them at public auction. The society is 84 years old and it is incorporated under the Animal Pedigree Act of Canada. Its mandate is to encourage the development and the breeding of the Standardbred horse by, obviously, registering them with integrity, through industry promotions, public auctions which we run, and I've brought a sample of our catalogue because we do have a sale coming up on September 18 and 19 at the Woodbine sales pavilion. Mrs Reid will distribute those around, so you might have a look at them. Last year we had an opportunity to meet with the casino project team and we asked some of them to come to our yearling auction sale. They did, and I can assure you that they were overwhelmed by what's involved in breeding, raising and selling a horse and the costs involved. So I do encourage any of you who have time that weekend to come and see what goes on in the raising, breeding and selling of a Standardbred yearling.

I guess the key way to present the society and the breeders of Ontario is that we are the suppliers. Somebody has to raise the horses, and we are the suppliers of those horses. Obviously, there are many, many breeders across the province with massive farms that hire many, many people, most of them unskilled labour, who know how to care for and raise horses.

It will surprise you to know that there are over 210,000 registered Standardbreds in Canada and 125,000 of those are owned in Ontario. Presently there are over 10,800 active race horses in Ontario that produce 21,798 racelines annually.

However, our industry is not at its peak, reached in 1988. It has since declined, in 1992, by the number of mares bred. We peaked with 5,000 brood mares being bred in 1988 and it has now declined to approximately 3,700 in 1992. The 1993 breedings are not in, but I would anticipate them being around 3,200 to 3,300.

In essence, the Standardbred horse society and their

breeders produce that product which will perform at the racetrack, but I'm not here to tell you a whole lot about the Standardbred horse society. I'm here to tell you that the Premier and the government of Ontario have ignored the breeding and racing industry. The government has a majority, and it's obviously going to use it. It's going to drop the hammer on the breeding and racing industry with the implementation of casinos via Bill 8.

I don't believe, nor do the breeders of Ontario believe, that the government knows what it's doing and we think you have totally and absolutely ignored our industry.

In point of fact, the breeding and racing industry has formed a coalition called the Ontario Agriculture and Horse Racing Coalition, chaired by Dr J. Glen Brown, who spoke with you in Windsor. He has written numerous letters to the Premier asking that he be accorded a meeting with the Premier on behalf of the industry. Never has the Premier given him a meeting, and I can only throw to you, if Bob White in the automotive industry had a problem, I guarantee that he would have a meeting with the Premier. But the Premier keeps referring us to the minister and saying, "The minister will look after you." He is quoted in his letter to Dr Glen Brown as saying, "Maintaining the viability of horse racing in Ontario is a very important priority and will receive the attention it deserves." Well, if that's his point of view, why will he not meet with us?

The breeders in Ontario want to know what the Premier has done, if he thinks he's done something for our members, and what does he plan? The Premier has very easily looked after the jobs at de Havilland, jobs at Algoma Steel, but what's he going to do about the 18,000 jobs in the Ontario breeding and racing industry that can very well be lost with the implementation of casinos? I'm not just talking one casino in Windsor; I'm talking about all of the ones that are planned in the future.

Our industry, the breeding and racing industry, has no trust in this government, nor the Premier, nor the ministers. It believes that the government is looking at ways, via consultants and reports, to prove that racing is declining and will fail. It's the belief among our members that the government thinks: "Well, horse racing's on a decline. It really isn't going to go anywhere. We don't want to help it, so let it go and casinos will take its place." It appears to our membership that the Premier and the government are ignoring racing.

Just to give you some background information, our industry is a partnership. In fact I title it a three-way partnership but, as an afterthought, it's really a four-way partnership because the government is our partner.

I've explained to you about breeders, who produce the product. They breed, raise and sell it in Ontario. Once again I encourage you to come, you the members,

to the sale on September 18 and 19 and meet some of these breeders and see some of the products they raise and let them tell you what's involved.

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The second part of the partnership is a racetrack. Obviously, you have to have a place to race your horses, and there are racetracks throughout Ontario, of which the Ontario Jockey Club is the biggest, which host the show.

Third, but not least, are the horsemen, who put on the show. They buy the horses, they train the horses, they hire the grooms, they use the veterinarians, they use the blacksmiths, they buy the trucks, they buy the trailers and they race the horses at the racetracks.

Now, you're saying, why is the government a partner? Well, the government is a partner because it gets tax revenue. Without racing, it wouldn't have tax revenue.

The breeding industry in Ontario is grass roots—I'm sure that no one would have any objection to me saying that—and it injects money via all of those various things I just talked about, whether it's buying farms, buying tractors, buying bailers, putting seed down for grain and hiring help, buying grease, oil, gasoline, hiring veterinarians, and it goes on and on and on. But it's spinoff, and it injects money into the economy of Ontario, and it is my belief, and the belief of our board and our members, that this government doesn't understand the economic impact of racing, in that our industry has a \$2.2-billion annual economic impact across Canada, \$350 million alone in Ontario farm products, which represents 6% of the total Ontario farm product. I think Roger George of the Ontario Federation of Agriculture will be speaking to you at some point in time, and he will confirm those figures for you.

Above and beyond that, you get the tax revenue, which is above and beyond the economic impact. Just think: The taxes are above and beyond this economic impact. Without racing, I don't know how casinos are going to fill all of that gap.

If you go back in time, racing did have a monopoly. It had a monopoly across the province where almost 100% of every dollar wagered was bet on horse racing. But now the government, which is obviously the regulator of horse racing, is our competitor. It's our competitor with the implementation of lotteries, with the implementation of Pro Line sports betting, where there was an average of \$417 per Ontario resident in 1991. It's now introduced three-day charity casinos. Anybody who reads the Toronto Sun just needs to go to the sports page and you'll see about four or five pages of ads every day. And now it's considering, and obviously will, because it has a majority, dropping the hammer and bringing in casinos.

It may shock you to know that horse racing has now



gone down to 27% of all dollars wagered in Ontario. When I met with the minister, Marilyn Churley, I could see her eyes open when she heard that figure. I'm not sure you people know that, but I want to draw your attention to it, because it's factual.

We are no longer a monopoly but we are taxed as a monopoly. The tax is 5% net to the government. The actual tax is higher, but there is a rebate program in place that gives money back to the industry for the Ontario sire stake program for research. For instance, in New Jersey, one of the biggest racing jurisdictions and wagering jurisdictions in North America, the takeout there by the state government is one half of 1%.

But I think a very, very important thing that's being missed by so many people is that racing is taxed at a rate two times what the government will tax its own casinos. Is that fair? Is this fair competition?

I think the purpose of this committee is to make recommendations regarding the legislation that's being presented by the government. Hopefully, this committee will consider suggesting that there be a change in the taxation in racing and that some equality be made on taxation relative to casinos that it's considering.

Our members are asking us, what, where, when and why? No one's talking. Dr Glen Brown, chair of the coalition, had a letter from Elmer Buchanan, and he mentioned a discussion paper on racing. That's the first anybody has ever heard of it. What's the discussion paper on racing? Who's doing it? What's the goal? Mr Buchanan seemed to think we knew all about it.

Another very important thing that is of great concern to our members, and we have lobbied against them for a long time, is VLTs, video lottery terminals. Hidden—and I use the word “hidden”—in the legislation for casinos is the right of cabinet, by an order in council, to bring in video lottery terminals. If they come in as well, it is my opinion and the opinion of my board that they will bury the breeding and racing industry.

I just can't imagine, nor can my board and members imagine, nor can our members imagine, that the Premier will not see us. I don't want him to see every organization, and there are a lot of them, in the breeding and racing industry. But we went together and we formed one: We formed a coalition with the Ontario Federation of Agriculture. Dr J. Glen Brown is the chair and repeatedly has asked for a meeting with the Premier and repeatedly he has been denied so. I can't see the Premier doing that to Bob White, and I respectfully request that this committee talk to the Premier and ask him to reconsider his denial of a meeting with Dr Brown.

Finally, to summarize, I would like give you a recommendation. How can we help racing? Consider a reduction on the taxation of racing and make it equal to the taxation of casinos. How can we operate in fair

competition if the government proposes to tax casinos at two and a half times less than racing? We are no longer a monopoly. We may have been 20 years ago, but racing is no longer a monopoly; it only has 27% of the dollars wagered.

I want to leave you with a few quotes. Mrs Reid and I have talked to our members daily, and here are three of the most common quotes we get on the telephone or in personal confrontation:

(1) “The Premier and the government have totally ignored our industry.”

(2) “Promises, promises, nothing but promises.”

(3) “We do not play on a level playing field.”

I think if you had to pick two of the three that are strongest, they are that we do not play on a level playing field and that the Premier and the government have ignored us.

As attachments, you will see I have broken down—I'm sure many of you understand what happens to the \$1 bet. When \$1 is wagered, broken down it's 100 cents. Five cents goes to the Ontario parimutuel tax, and that is a net tax; it's actually higher but, as I said, some comes back in the rebate program. The federal tax is approximately one cent, which leaves 94 cents. As 78 cents is returned to the winning bettors, those people who have tickets to win, that leaves 16 cents. Seven cents is then retained by the racetrack, and from those seven cents, the racetrack uses that money for employees and their wages, operating expenses, property taxes, depreciation, interest on debts, capital expenditures and corporate taxes.

The nine cents used to pay horsemen is obviously used to pay purses. The purses are reflective of trainers who pay the grooms and their assistant trainers; farmers to buy the hay, straw and grain—as I said, Roger George will gladly speak on that; veterinarians; horse transportation; equipment dealers; blacksmiths; and taxes.

The breeders use the money in the form of purchasing replacement stock to upgrade their brood mare bands to sell a higher and more competitive product that can compete North America-wide.

The breeders hire a great deal of farm help. As I said, most of it is unsophisticated, labour-intensive, unskilled help. They buy a lot of hay, straw and grain. Once again, they use veterinarians. They're constantly building buildings, putting up fences and fixing up their fields. They purchase a great number of implements from the vehicle dealers. They're always purchasing hardware and supplies such as grease, oil, gas and utilities. There's horse transportation. They buy insurance on the horses.

They pay a great deal of money to register horses, transfer horses, file reports, and do blood typing to ensure the integrity of their animals. They hire black-

smiths constantly to do trimming on the foals and the brood mares and on the yearlings. Obviously, they pay property and business taxes.

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That is a very, very general overview of how the \$1 wager is used and spent, and I think it probably would be enlightening to some people around this committee to see the breakdown of that dollar.

Your last attachment is one which shows you the takeouts on regular win, place and show wagering in various states and provinces. As you can see, Ontario is at 5%, which is extremely, extremely high. If you want to compare it with New Jersey, New Jersey is one half of 1%.

I would like to leave this committee, from this presentation, with the fact that we understand the government is going to implement casinos. We feel they will dramatically and harshly affect the breeding and racing industry in Ontario, and we do not believe the government is fully cognizant of the effects that it will have on the breeding and racing industry. We are here to ask you to consider some recommendations to take back to the government, obviously the key one being the recommendation of a reduced taxation on racing.

**The Chair:** Thank you, Mr Smith. We have about two minutes per caucus for either a comment or a short question.

**Mr Kimble Sutherland (Oxford):** Thank you for your presentation. As I listened to your presentation and presentations that we had yesterday from other representatives of the racing industry, I'm left with the sense that while you're saying before this committee that casinos are going to be the problem for the horse racing industry, in fact the reality is increased competition overall for the gaming dollar. Increased competition overall for the entertainment dollar is part of the problem.

If casinos don't come in, what is the racing industry doing to better market itself, to better deal with that increased competition for the gaming dollar and the entertainment dollar?

**Mr Smith:** As I said, Mr Sutherland, racing used to have a 100% monopoly. I don't think anyone would disagree with that. If you go over, in track time, 20 years ago, there wasn't much of an industry of horse racing, but a group of individuals from the breeding and racing industry went and spoke with the government and persuaded it to use a small portion of the taxation on racing and reinvest it into the industry in the form of sire stakes, purse assistance and research. That was done, not from the treasury, but from the taxes—

**Mr Sutherland:** But what are you doing to expand your base, your market base, attracting more people to come to the races?

**Mr Smith:** Definitely racing is going through a

downsizing. Every racetrack in Ontario cannot exist. We acknowledge that. We have to realize we have different competitors, and we do have different competitors. We are going to upgrade the quality of the horses. We're going to upgrade the quality of the racetracks, and some of those smaller racetracks will die and fade away. That's going to happen. But we have found that the public will come and wager dollars on the higher-quality horses when they're racing for bigger purses.

We are starting a major marketing program ourselves. We have a marketing association which we're heavily involved in. In fact, tomorrow night, just myself and Mrs Reid and a few members of my office have put on a new owners' seminar. You may have heard our commercials—we had them on CFRB—to try to attract new owners to it. We're having a seminar at Greenwood Racetrack. We had one last June and we had one last August. It's surprising how many people are interested in owning a race horse but don't know how to get to it. There's a very small way that we're doing it, but we understand we have a lot of work to do as well.

**Mr McClelland:** Ted, you said that in a response from the Premier, the Premier said, "The minister will look after you." In a debate in the House, the minister told me to rest assured that you were being taken care of and that you were happy and your colleagues in the business and the industry were happy. Those were essentially her words. They might not be verbatim, but the sentiment was: "Trust me. The people in the business are satisfied and we'll take care of them. We're meeting with them." I hear that as well from the parliamentary assistant. I heard that in response to Dr Brown last week: "It's okay. We're going to take care of you. We have work to do. It's largely your fault, but we're going to help you out anyway." I'd like your comment on that, please, sir.

**Mr Smith:** The minister did see us; I acknowledge that. She did see a lot of the different factions of our industry and had promised us that she would gather us all back together for a round table discussion and that something would come out of it. We've never heard back from her.

We in the industry feel betrayed. We definitely feel betrayed by the minister, by the Premier and by the government. We've worked hand in hand with the government over the last 20 years to build racing into a very, very major industry, and we didn't do it with taxation dollars. We didn't do it by going to the treasury and demanding a handout. We did it with our own dollars that were wagered at the racetrack, and through the implementation of the sire stake program and through the research and the better development of quality brood mares and selling of yearlings, we were successful. We created additional jobs in the private sector. Millions and millions of dollars were poured into racetracks, facilities, breeding farms, and the govern-



ment encouraged us to do so.

We did all of that and we were very successful. Then the government got in and became our competitor. They are our regulator, but then they became our competitor, and it appears now that Queen's Park is going to pull the plug on us. We feel betrayed. We feel neither the minister nor the Premier has willingly wanted to help us.

**The Chair:** Thank you. Mr Eves.

**Mr Eves:** Last week when Dr Brown appeared before the committee in Windsor, we heard from various government members of the committee that the horse racing industry was in decline in any event and that perhaps the industry should look to its own shortcomings. Marketing was mentioned. It was suggested that you would do well to follow Mr Tom Joy's example, who wasn't against casino gambling; in fact, if you can believe Mr Dadamo, Mr Joy is looking forward to casino gambling because it will provide some interesting opportunities for Windsor Raceway.

I was reading an article in the Windsor Star of last Tuesday, where Mr Joy says that the 7.5% tax was imposed when horse racing was the only legal outlet for gambling, a tax based on a monopoly that no longer exists. He goes on to talk about the exclusivity that you once had and no longer have.

"'Taxes are the problem,' Mr Joy says. 'We pay the highest taxes of any jurisdiction in North America and we have more competition than anyone, but I simply can't get the message across. Our problem is basically a problem with the government. They say they're willing to talk, but it's hard to bring them to the table.'" The government, he says, has a simple choice with respect to his operation: They can have 3% of \$90 million with an extended teletheatre facility, or 7.5% of zero.

Isn't the reality that governments of all political stripes have now over the years come into direct competition with the horse racing industry through lotteries, through various charitable organizations and now through casino gambling, to mention a few? Why do you feel that the government will not directly address what I think is a fairly obvious request for your industry to survive in the face of increased direct competition from government—expending taxpayers' money, I might add—to go into direct competition with the horse racing industry? Why would they not acquiesce to your request and simply reduce the tax?

**Mr Smith:** I think part of the response to that is that the government does not understand our industry and that, as you say, it is our competitor. They maybe have not researched the benefit of reducing the taxation on racing and how much more money would be injected back into it by reducing it.

I can just give you a very simple example of the

Meadowlands in New Jersey, where, as I said, the tax taken is one half of 1%. They had an absolutely record handle on August 7 for the Hamiltonian, which is a very prestigious trotting race. They got almost \$5 million. They just ended their meet last Saturday and won't be opening again until December. They had an overall average increase of 7% over 1992 with this reduced taxation. Because of that, they will be able to increase their purse accounts 15% next year.

**The Chair:** Our time has expired. Thank you for presenting before the committee today.

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#### ONTARIO HOTEL AND MOTEL ASSOCIATION

**The Chair:** Our next presenter is Diane Stefaniak, the executive director of the Ontario Hotel and Motel Association. Ms Stefaniak, would you please come forward and make yourself comfortable. You have 30 minutes within which to make your presentation and field some questions from the committee members. When you're comfortable, please proceed.

**Ms Diane Stefaniak:** I just want to point out that I am wearing a non-partisan jacket. I have colours of all three parties in it, just so you all know that I'm not playing favouritism with any party.

I would like to thank you for the opportunity to speak, on behalf of my members of the Ontario Hotel and Motel Association, on what we think is a very important issue. We are a hospitality trade association of over 1,200 members in accommodation, food and beverage service throughout the province, representing over 60,000 bedrooms and well over 15,000 employees. Approximately 90% of our members are small to medium-sized operators who offer products and services to the tourist.

The Ontario Hotel and Motel Association supports the establishment of a limited number of casinos in selected areas, but we also strongly encourage consideration of video lottery terminals in licensed establishments throughout the province.

The tourism industry has, as all businesses have, been hit very hard by this recession. As you well know, the hospitality industry is extremely labour-intensive and is the largest employer of minorities, women and the unskilled worker. The increases in minimum wage, taxes, the employee health tax and unemployment insurance has hit our industry, we think, the hardest. It has resulted in many closures and staff layoffs and this has meant the livelihood of not only the owners of these closed businesses but their employees.

Unlike a manufacturing plant, there is no inventory in hotels or restaurants. If that room is not sold that particular day or a meal is not served, the revenue is lost for ever. In many instances, recovery is not possible and doors are closed due to poor business. These establishments are quite often family-owned and -run.

When the doors close, it generally means the life savings of a family are wiped out.

Not only does tourism employ a lot of people, but it creates jobs through money generated by the tourists. A study conducted by the International Association of Convention and Visitor Bureaus estimates that the average daily spending of a convention or trade show delegate is \$143, or \$585 per stay. This amount is distributed to the hotel, restaurants, entertainment, retail stores, agriculture and transportation. To get a more accurate picture of the revenue generated, multiply this amount by seven and then by the number of delegates in a city. If tourism wasn't so valuable, I wonder why there are so many countries competing for major events such as the Olympics and the World Fair?

We must use every means to encourage tourists into our province. We believe that casinos are one tool that will help us to do this. At present, there are two legal, fully operational casinos in Canada: one in Dawson City in the Yukon and the other in Winnipeg, Manitoba. Having had the opportunity to visit both cities, I really did not see crime rampant on the city streets, nor people begging so that they could gamble any further. What I did see was another form of entertainment to draw people to the city. I agree that casinos on their own are not sufficient to draw tourists, but they certainly are an asset when making a decision as to which city or area people will visit.

Who are we to judge what form of entertainment people prefer to spend their money on? Not everyone enjoys the theatre. Tickets to the Phantom of the Opera were over \$100, but there was never an outcry that this money was spent for an evening at the theatre, whereas if the same amount of money is spent at a casino, it certainly is a different story. Casinos, races and video lotteries are not only means of gambling, but they offer a means of entertainment for all types of lifestyles.

Employment is created and increased through the increased traffic into a community. If the casino is properly run and placed, tourists will come into an area where they might not have if there wasn't this form of entertainment. This increased traffic will help the community through increased revenue from sales of product, lodging, food etc.

We are already losing Ontarians to other parts of the world and Canada that have casinos. Realistically, many will continue their jaunts to Vegas, but on the other hand, there will be many who will look at staying in Ontario for their entertainment.

People will continue to gamble, whether they buy lottery tickets, bet at the races or buy a fund-raising ticket from their son's or daughter's hockey team. Lottery tickets do not increase jobs as much as casinos will. They do not increase traffic and/or tourism into an area like casinos will. They do not provide an opportunity of social activity like casinos will.

Video lottery terminals placed in licensed establishments throughout Ontario will also provide an opportunity for employment and entertainment for the local residents. VLTs have proven, in other provinces, to be the means of survival for many establishments. They have also provided a form of entertainment for many who would have otherwise sat at home hibernating.

In summary, I would just like to reiterate that the Ontario Hotel and Motel Association encourages the expansion of legalized gambling to include casinos in selected areas and video lottery terminals in licensed establishments throughout Ontario. We believe that this form of entertainment will mean employment for many local residents and survival for many businesses. Thank you.

**The Chair:** Thank you very much for your presentation. We have about eight minutes per caucus for questions and we're going to start with the Liberals.

**Mr McClelland:** Thank you very much, Diane. I understand where you're coming from in terms of seeing casinos as a potential revenue booster, a draw, for clientele. We've heard from representatives, as you would know, from the Ontario Restaurant Association. Indeed, we heard from many individuals and representatives of various interest groups in Windsor. They said at the same time that they see it as a potential draw, they see it as a bit of a two-edged sword, inasmuch as people may come in and there may be an inclination to stay in the casino. To use the terminology that's thrown about from time to time, the buzzwords, Atlantic City has created some black holes. That's the terminology they use.

It seems to me that we can begin to regulate, initially, square footage, availability of alcohol on the floor, with a view to enticing people out of the casino to spend money elsewhere. That ultimately is what you would want to see happen, I presume.

**Ms Stefaniak:** Yes.

**Mr McClelland:** The dilemma I see in that is this: Ultimately, you have a casino running as a profit-making enterprise. They are wanting to do and going to do everything they can to hold people inside. At some point in time, you end up with that tension or that dilemma, trying to make the casino viable and at the same time trying to serve, if you will, the secondary economic benefit to people in and around the area. To what extent do you really think we can sustain, if you will, draw that line in the sand and say, "There will not be x number of seats available, alcohol available, shows available," and so forth?

Let me just summarize by saying this. There was a gentleman who presented in Windsor and said, "Let's be realistic about this." It was one of the merchants. I kind of appreciated his candour. He said: "Ultimately, we're going to have a full-scale casino. Let's deal with it in



those terms. It's naïve to think that we are going to start out with this controlled product. It will evolve. The pressures will be there. It's only a matter of time until we succumb."

You know the experience in Atlantic City; just your comments, your suggestions about how you might handle that. As you know, right now it's simply by regulation. There's nothing in the legislation that affords firm protection to your industry.

**Ms Stefaniak:** I can appreciate that, and you're right. I think if they are smart business people who run the casinos, of course they will want it, just as every hotel manager wants a group of people to stay in his hotel. But the wise person knows that it isn't a single item that keeps that person there. As we said, in the convention business we can bring people into one property, but if we don't get them to experience and taste the rest of the community, they aren't going to come back. They have to experience more than just that one place.

If we just want to talk about Windsor, I foresee that happening. Maybe the first time people go, that's all they'll do is go to the casino, but the wise person will market the rest of the city so that they'll see there are other things to come and see.

**Mr McClelland:** Atlantic City tried that, and the empirical data suggest that people come on average for six hours. They spend five hours and 20 minutes gambling and the other 40 minutes are left over which includes transportation, eating and shopping. So you have a pretty thin margin of opportunity to work with. That's something for consideration.

I think in terms of your industry, you need to have some help in saying how we are going to ensure the viability of your industry in and around the area so that it doesn't suck everybody in and you die. It's happened in Atlantic City.

1200

**Ms Stefaniak:** We have to look, and that's why it's so important to have a ministry of tourism even on its own, because it is very important to promote tourism in that community so it isn't just casinos that are there to draw the people.

**Mrs Elinor Caplan (Oriole):** Just to follow up on my colleague's question, I guess the concern I have is the evolution. We know from all of the evidence that Detroit and the other border cities are not going to sit still and allow their residents to cross the border to come into Ontario simply for the purpose of gambling. It's just a matter of time before they establish their casinos, and we expect them to be numerous and highly competitive.

What do you think is going to happen when the casinos on the other side of the border offer the same environment as they have in Atlantic City and in Las

Vegas, where you have craps and you have all the entertainment and all the liquor and all the things the Windsor casino and the Ontario casinos are not going to have, for the policy reasons in Ontario attempting to help the other tourist industries that you represent? I'm very sympathetic to the way the tourist industry is suffering in Ontario these days, but what do you think is going to happen when the United States border cities start to compete?

**Ms Stefaniak:** Time will tell. I'd like to think that this problem is being looked at right now, that we become the leaders and we don't follow what could happen and we set a standard here that Detroit won't want to open a casino because it won't be able to compete with us. I know reality might be saying a different thing.

Having been in Detroit for a convention a few months ago and having Windsor across the border, a lot of my American colleagues, even though there wasn't that much to do, still wanted to go over to Windsor. I know that's not going to happen, but I think that is something we have to look at, and I'd like to think we leave a window open so that we could adjust with any of the competition from across the border.

**Mrs Caplan:** I've been to Las Vegas and I've been to Atlantic City, and unfortunately the experience has been well documented, and that is that you have big casinos where everything is self-contained, and the local businesses, particularly the other tourist industries, don't get the benefit. Unfortunately, given the plans that we see for the corporation that's being established here in Ontario, which will not permit all of those added features that the American casinos have in the hopes that it will help the local community, they're going to be subject, in my view, to the kind of competition from the United States which will inevitably lead us to the experience of Atlantic City. That's my concern about the way we're proceeding. I think it's just shortsighted.

**Mr Eves:** I was kind of intrigued by your recommendation or suggestion about the expansion of video lottery terminals. Even a great number of witnesses who have appeared before the committee who have been in favour of casino gambling have specifically said they would not be in favour of an expansion of VLTs.

There have been a number of difficulties, especially in some of the Maritime provinces, with the implementation of video lottery terminals. We've seen quite an increase, I think it's fair to say, in compulsive gambling problems resulting out of that.

We had the Canadian Foundation on Compulsive Gambling; I don't know if you were here when it made its presentation earlier this morning. It pointed to the fact that there are now six centres in Nova Scotia for compulsive gambling; we have none in the province of Ontario. Of course, Nova Scotia is a relatively small province compared to Ontario. They don't have an exact

figure as to what the cost of compulsive gambling is in society, but they point out that for a small, four-bed treatment centre in Ontario the annual cost would be about \$1 million a year. They guess that societal costs of compulsive gambling are in the neighbourhood of \$10 billion a year.

Do you have any concerns about the expansion of video lottery terminals throughout the province of Ontario, having looked at some of the other jurisdictions' problems, particularly the province of Nova Scotia? How would you profess to address this problem?

**Ms Stefaniak:** Do you have any statistics from the western provinces, especially Manitoba?

**Mr Eves:** No, I'm just telling you what this is before the committee.

**Ms Stefaniak:** No. I don't mean to be rude, but it's simply that every time we hear any negative responses on the video lottery terminals, they are quoting the Maritimes but they're not quoting the western provinces, especially Manitoba, that have proven that it's been successful. It's meant survival for many operators.

I belong to an organization called the Hotel Association of Canada—not I personally, but my association; in fact, that's why I was in Dawson City—and we have talked to our colleagues—unfortunately, the Maritimes weren't there—from Manitoba. I have questioned them carefully on it, because this is something we've been pursuing for over a year now. I talked to them and I was at a couple of establishments just watching, trying to be objective about it and trying to see the type of people who go into the casinos. In talking to the operators, I have said, "Who comes in and what happens?" A few of them in the rural areas have said: "What has happened is that it's provided a means for somebody who would normally sit at home and probably watch TV to come out and meet some other people. Maybe they're sitting at a machine, but it's also some interaction so they get up and they talk to people."

It's provided a community atmosphere. It really has meant that some of the operators did not have to close their doors, which meant jobs were saved; in fact, they were able to give jobs to the community. In Manitoba, in the areas what they do is they pump some of the revenue back into the community. It does not go back into the provincial pot, so to speak: it stays in the community. It's a win situation for everybody. The community benefits. The licensee benefits. The difference with Manitoba, Saskatchewan and Alberta is that it is run by the government, it is controlled by the government, whereas in the Maritimes it's run by private operators, it's a private enterprise. In the Maritimes they put it at every single corner store practically. I understand now they've withdrawn a lot of them because they realized that was not the way to go.

I'd like to think that we're going to learn from the mistakes of both, but we just see that licensees are very limited in what they can do to bring business into their establishment. Once again, I look at it as a form of entertainment, and if it brings people in—you know, a lot of licensees will say it doesn't increase sales in alcoholic beverages but it increases traffic flow into their establishment. This is why we feel that it's important to be considered, especially for a lot of the rural areas that won't be affected by the casinos. In fact, some of the people in the rural areas might go to the major centres to gamble. This will maybe keep some of them at home in the community, and that's why we're in favour, but, again, in an age-controlled, licensed establishment. We're not in favour of putting it at every street corner, in the confection stores or anything like that.

**Mr Noel Duignan (Halton North):** Thank you very much for appearing before the committee this morning and for, again, an excellent brief.

You touched on a couple of very important topics. There's the question of tourism. Just listening to some of the comments and some of the questions, people say, "Look, what happens when Detroit builds a casino? Windsor is basically just going to fold up and go away." I don't believe so. I believe that Canadians can compete and can compete very well. You made an excellent suggestion, that the product we're going to develop will set the standard. I actually truly believe that. Also, what we're doing in the Windsor area is a catalyst, is a tool for the tourism community and for the people, the entrepreneurs, to develop the whole Windsor area, to develop facilities that tourists want. The casino is only one aspect of it. Hopefully, that will be the catalyst so that other people in the community will then build other entertainment areas in the Windsor area that people can come and visit and make Windsor a tourist destination, not just for five or six hours, but for two, three and four days. We truly believe that is the case. I'd like to hear your comment on that.

**Ms Stefaniak:** I would like to see it myself. I think the Windsor area is beautiful. It's a good gateway from Detroit into the rest of Ontario. I agree; I think if we position ourselves in the right way we market the province, people will come through. They'll stay in Windsor. If we can put theatre there, put other activities there, even if somebody comes, they could come with their family and the family can go to theatre if somebody wants to go into the casino. It doesn't have to be just the casino.

**Mr Duignan:** That's the point: We're building just one casino.

**Ms Stefaniak:** Right.

**Mr Duignan:** It's a pilot project for Windsor. That one casino will act as a catalyst for other draws for the Windsor area. Again, we have never said that 100% of



the tourists coming into Windsor will spend money outside the Windsor area. Roughly, it's about one fifth or 20% of the people coming into Windsor who will spend one night or more in the Windsor area. That's where it'll benefit the local store owners, the local restaurants, the other tourist attractions and of course the motels.

**Ms Stefaniak:** I agree with what you're saying.

**Mr Duignan:** Again, the whole question of comparing Windsor to Detroit or Atlantic City is not the case. What we're building here is different and unique. As you said, hopefully we'll set the standards for others to come. Windsor is a safe, secure city to bring your family to, and that will be the emphasis.

I hate this notion that when we build a casino, Detroit builds a casino, and then once Detroit does it, everybody phones up and goes, "Oh." I believe Canadians can compete and will compete and have a very successful and unique venture in Windsor.

**Ms Stefaniak:** I believe so.

**Mrs Mathysen:** Thank you, Ms Stefaniak. I think what I liked best was your positive, "We're going to create an opportunity for ourselves." I think one of the things we've been hearing in the questioning so far is the assumption that the Americans will always beat us. Like Mr Duignan, I don't buy into that.

I know that there's been a survey done by the government that shows that 50% of the Detroiters interviewed would still come to Windsor, even if there were a Detroit casino, because Windsor is safer, is more attractive, the value of the Canadian dollar is such that their money goes further and their winnings won't be taxed. They're talking about what we have in terms of attractions.

I want to go back to the horse racing industry. One of the things we've heard is, "Casinos are going to kill us." Yet in the last presentation, from the Canadian Standardbred Horse Society, it talked about the success that New Jersey had just experienced recently by introducing a prestigious event which brought in \$5 million in bets. The horse racing industry there had a revival. Is that what the horse racing industry needs to do here? You're taking a very positive tack in all of this. Is that what they need to do, start looking at how they can make that entertainment dollar come their way by pleasing the customer better? Is that the secret?

**Ms Stefaniak:** I don't know. I don't know the horse racing industry well enough to say. I would like to think that for anybody facing competition we have to relook at the way we're doing business and what we can do to promote it. That, to me, is why competition is healthy. I don't think it's healthy to have a monopoly, because you get lazy, whereas you always have to compete for that dollar now. I think anybody in any type of business has to look at what they're doing and the way they're

doing business and how they can increase their business.

**Mrs Mathysen:** So when the horse racing industry kept saying over and over again that its demise was because it had lost its monopoly, you're suggesting the opposite, that they have to forget about that monopoly being a good thing?

**Ms Stefaniak:** I believe in the horse racing industry, because it also helps tourism when they have the races. I think we need it all. But whether they're losing their monopoly and why it is or anything, only they know. They have their marketing plans. If they're good marketers, they know what the reasons are and how they can overcome them.

**Mrs Mathysen:** Thank you. I appreciate that.

**The Chair:** Ms Stefaniak, thank you very much for presenting before the committee today.

This committee is recessed until 2 pm sharp.

*The committee recessed from 1215 to 1403.*

#### CANADIAN TROTTING ASSOCIATION

**The Chair:** Our first presentation this afternoon is the Canadian Trotting Association, Toronto: Mr Tom Gorman, the executive vice-president, and Ms Callie Davies-Gooch, media relations coordinator. Welcome to the committee. You have 30 minutes for your presentation, of which you may use all or a part for questions and answers. You may proceed.

**Mr Tom Gorman:** Thank you, Mr Chairman. We actually have about a 10- to 15-minute presentation, and if there are questions, we would certainly be prepared to answer them.

We represent the Canadian Trotting Association, which is commonly referred to in the industry as the CTA. It is an association of individuals, firms, corporations, agricultural societies, all involved in various aspects of harness racing. Our members include racetracks that are conducting race meetings, horse owners, officials, drivers, trainers and grooms. In Ontario, our membership is 9,000 people.

For your information, the objectives of the CTA are essentially to record, store, distribute and promote harness racing information and statistics throughout the industry through its on-line computer network with our 30-member racetracks; our standardized licensing and insurance program; our monthly Trot magazine, which goes to every member; our media relations department, which basically disseminates as much information as we can get out to the public, and our rather healthy Standardbred Canada Library, which is housed in our office building.

The CTA jurisdiction runs from New Brunswick to British Columbia, and from each district we have a number of directors, 11 of which represent Ontario—nine representing active members and two representing racetracks.

It is our position that the horse racing business is a labour-intensive, agribusiness industry. It does generate in this province \$1 billion annually in wagering; 5.7 million people attend the races every year in Ontario. There are approximately 28,000 related industry jobs in harness racing, and if you include owners in that number, that number rises significantly.

The industry pays \$350 million a year to feed, hay, straw and local service industries, \$90 million to pari-mutuel and property taxes, and to me, those numbers are significant, and those are the numbers that we're quite concerned about and feel are at risk.

We believe that harness racing in Canada and in Ontario is in a fragile state. In the past two years, our member tracks in Moncton, New Brunswick, Saguenay, Quebec, Leamington, Goderich and Orangeville in Ontario and Winnipeg in Manitoba have all ceased their operations in harness racing. Other tracks we know of have some serious financial concerns.

In 1989, our annual membership was in excess of 20,000 people. In 1993, that number has dropped to less than 16,000, and we forecast another 1,000-person drop in the next fiscal year. Equally, there is a dramatic drop in the number of breedings of horses, and that has resulted in substantially fewer available race horses. More tracks these days are offering fewer live races and more simulcast races than ever before.

Our specific concerns with respect to casinos lie in four major areas, and I would like to touch just briefly on each of those areas and summarize the presentation with two very simple recommendations. Nothing of which I'm going to say is going to surprise you, but our position is that if you don't act favourably on those recommendations, the results will be very negative, and that won't surprise us.

There is no question that the impact of casinos on Ontario racing will be substantial. Authorized and respected research suggests that there will be at least a 20% decline in wagering and the loss of at least 10,000 jobs, many of which have no transferable skills. By introducing casino gambling, you are committing what we feel is a very basic gambling sin: You're betting against yourself. You are already a partner in an Ontario lifestyle which needs tuning and attention and not a major blow which could cripple or kill it.

We don't understand why you want to create a crisis situation in an Ontario tradition which simply provides a quick economic fix and not much else. The implementation of casinos here will surely prompt other states, and I'm thinking primarily of Michigan, to get as quickly into the casino business as possible, which will hurt us again and probably your own casino projections as well.

We believe that racing is the epitome of the competitive free enterprise system. We are not afraid of compe-

titition. Everyone in racing is an entrepreneur of sorts who takes daily risks, gambles and actually thrives on the competition. Breeders must decide which meetings will produce the most saleable and productive offspring to attract buyers. Owners must decide which of those horses they would like to invest in to be reasonably certain of some kind of a profit on their return. Trainers and drivers must combine their talents to win out over other trainers and drivers on a daily basis. Racetrack operators are competing against all other sport, lifestyle and entertainment options to ensure their success, and not to be left out, the patrons themselves have to match wits with each other, based on their knowledge and analysis of data, in order to bet successfully. All of that is the healthy fabric of what we believe racing is. It's everybody competing against everybody else for a limited amount of money. We accept that and look forward to it.

#### 1410

Racing is already a competitor to the government-initiated lotteries. When those lotteries were created, it created concern but not panic in our industry. We probably made some mistakes back then when they were initiated by not being part of them, but that's history, and lotteries are not our major concern.

What is alarming now is that our fiercest competitor turns out to be our regulator. The very people who make the conditions under which we operate turn out to be our most significant competitor.

Unfortunately, the rules for all the new games are vastly different than those that were set for us a number of years ago. We believe those changes in rules leave racing in a very disadvantaged position as competing games have nowhere near the ongoing capital investment that racing does at all levels. We simply do not have the resources to compete with government-sponsored betting corporations, and if additional lotteries, casinos and Indian gaming initiatives are allowed into the marketplace with unfair advantage, racing, as we know it today, will fail. There's a very high cost to racing and it leaves our marketing and promotional budgets tremendously underfunded as well.

At one time—and I'm sure you've heard this many times before—racing had a monopoly on gambling in this country and in this province. Today, racing competes not only with lotteries, quick picks and Sport Select gambling opportunities but also with other forms of entertainment and lifestyle changes, as well as coping with the severe recession faced by everyone. While our share of the gambling dollar has fallen from 100% to 27%, regrettably, taxation levels, the highest in North America, remain the same. If there is to be any hope of racetrack operators and horsemen surviving, the entire tax and takeout levels must be re-examined. At their current levels, those amounts are stifling and they are tremendously unfair.



Public demand and technological breakthrough, along with appropriate legislative approval, has brought racing into the teletheatre era. The advent of full cards of simulcast, teletheatre, intertrack, and common and separate pool wagering reflects a whole new and positive approach to racing. Numbers of and types of mutuel pools, takeouts, contracts between horsemen and racetracks and between horsemen and horsemen become very critical to everyone's survival. Not every track, breeder or horseman is going to survive these changes, but they are necessary, inevitable and we welcome them. Requests and applications to take part in this new format must be scrutinized by authorities, keeping everyone's best interests in mind so that everyone has a chance for success.

Teletheatres are a welcome and necessary initiative, but realistically they are not an end in themselves but they are merely a means to a yet unknown end. Teletheatres should never be considered as tradeoffs for the inclusion of casino gambling and no one should be deceived into thinking that gross wagering dollars are the all-important measure. Care must be taken that the dollars invested have a reasonable chance of returning a profit.

The Ontario rebate program to horse racing is also appreciated and very necessary. That rebate money allows programs and encourages spending which is vital to racing but at its current level does not stimulate any new growth. We believe a re-examination of those programs, and primarily taxes, could solve those two problems.

There's no question in our minds that elected governments have the mandate to make decisions and govern. We appreciate then the chance to come before you and give us the time that you did to allow us to make our input on what we feel is probably the most critical issue that racing has faced in the last 20 years.

By and large, governments are not to blame for the current economics of racing, nor do we ask for any handouts or special considerations once we've established a level playing field. We believe we should and we can stand and fall on our own merits. We accept the risks that everyone takes in racing, from breeders to owners to racetrack operators and anybody else connected with the business. We know it has its ups and downs and we're prepared to live with those, once again, as long as we believe we're treated fairly.

Having said that, at the same time we would like to offer a warning that if the major infrastructure of racing is unfairly challenged by these new initiatives or any other similar initiatives, racing will collapse and there will be immense amounts of capital and numbers of people both wasted and dislocated.

We also do not agree with the fact that someone who may be successful in bidding for a casino in Ontario should dictate the future by making a deal with us. We

just don't believe that's the right thing or the fair thing to do.

Obviously, our two recommendations are very simple and very direct. We're asking that you don't proceed with the casino initiative and we're asking you to reduce the level of parimutuel taxation on racing to let that money, which is significant, return to racing and allow racing to become competitive and self-sustaining. Very simply, we cannot compete with you.

We hope that you will not find out too late that we were right and that in your haste to create additional gambling for only short-term economic gain you have destroyed or severely crippled a long-standing way of Ontario life. It isn't too late to do what we believe is right. In opposition, this government was violently opposed to casino gambling, for all the right reasons. That reasoning is still valid. In racing, hunches are very good and we think you should stay with your first hunch; it was the right one. We would like to go back to being partners with you and not competitors, because we don't stand a chance. That's essentially what I have to say.

**The Chair:** Thank you very much. We have about five minutes per caucus.

**Mr Gary Carr (Oakville South):** Thank you very much for the presentation. Were you part of the Coopers and Lybrand study at all?

**Mr Gorman:** No, we weren't.

**Mr Carr:** How many members are there in your association?

**Mr Gorman:** In Canada, from New Brunswick to British Columbia, we have 16,000, 9,000 of which are in Ontario.

**Mr Carr:** So 9,000, and yet you weren't part of the major study that's going to be one of the determining factors. You weren't involved in this study at all?

**Mr Gorman:** No, we weren't.

**Mr Carr:** Okay. My next question is regarding the job losses. I want to get fairly specific. I think on page 3 you say that \$350 million goes to feed, hay and so on and \$90 million to parimutuel and property taxes. You go on to say that you're probably going to see a decline of 20% if casinos come in.

Under the casino you say there will be a decline in wagering. Will that equate to job losses as well, the 20% job loss?

**Mr Gorman:** Almost probably a direct relationship. We have seen through the shrinking of racing over the past few years without this initiative a significant number of losses of jobs by attrition. The fewer horses you have, the fewer people you need to care for them or do all the things that are necessary for them. It would almost translate into a direct proportion.

**Mr Carr:** Looking at the number of people

employed, the 50,000, if my quick math was right and you lose 20%, you're looking at around how many jobs, 10,000 jobs you figure will be lost in the industry? What are you projecting?

**Mr Gorman:** To clarify the numbers that are in there, we believe there are around 30,000 jobs related to the industry, and if you include owners, who may have other sources of income, it brings it up close to 50,000. We would estimate a loss of 10,000 jobs.

**Mr Carr:** And that would be direct and the spinoff in the rural areas in terms of the feed and so on?

**Mr Gorman:** I guess it would start with the numbers of trainers. You need to train a fewer number of horses, and then that spins off into feed, blacksmith, breeding. There just isn't the demand.

**Mr Carr:** It would appear the government seems to be intent on going ahead, so I was interested in your recommendations on page 4. I think you may be able to get some of the concessions in terms of taxation. If in fact casinos still come in and there's no change in the government policy—obviously you're trying to persuade the committee and the government, but if there's no change but you do get some of the tax concessions, instead of losing the 10,000-odd jobs, do you have any idea how many jobs would be lost if you can get some of the help in terms of the taxation? Is that easy to do, to translate into the number of jobs lost, from the taxation issue?

**Mr Gorman:** That wouldn't be an easy comparison. But by returning the money we're looking for in the taxation back to the industry, then I don't think it's government's problem any more. Then we have the money to work with and it's up to us to sustain ourselves. I think that's what we're really asking for, to not leave us at a disadvantage.

**Mr Carr:** What would the total amount be? Do you know? If you got the tax changes you're looking for, how much would be turned back in to the industry to help it survive?

**Mr Gorman:** Right now there's a 7% tax on parimutuel wagering, 2% of which is rebated in very significant programs to the Ontario sire stakes and purse supplements to all the racetracks. Those are good programs. We believe it should take maybe another half of 1% to run racing through the racing commission. So we're looking for somewhere between 4% and 4.5% to be returned, and that would give the money back to racing that we think it deserves and will put the taxation level in Ontario similar to the other, more progressive jurisdictions in North America.

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**The Chair:** Mr Sutherland, you have five minutes and Mr Dadamo would like to ask a question as well.

**Mr Sutherland:** Thank you very much for your presentation. I guess I didn't quite understand the point.

You said you didn't consider lotteries to be competition even though there's about \$4 billion, yet you see casinos being—I think you said "It would have a very negative effect," or something to that effect, on the horse racing industry even though that's a much smaller amount than the \$4 billion from lotteries. You also mentioned about the taxation issue.

My understanding is, and please correct me if I'm wrong, that part of the problem too, though, is there's been declining numbers of people coming to the track. In terms of the demographics of the people who are coming to the track, it's an older population.

What is your association doing in terms of marketing? There's more competition overall for the gaming dollar, for the entertainment dollar overall, and the industry has been having some difficulties attracting new people coming. Are your actual numbers of people down or is it just the amount of betting that is down, and what are you doing to meet the demands of this growing competition? Even if we don't have a casino, you've still got that competition out there, other forms of entertainment, other forms of gaming. How are you going to respond to that in general?

**Mr Gorman:** Your first point about lotteries: We missed the boat on lotteries. We didn't know at the time. We were the only source of gambling in the country before lotteries. We knew they were coming, we weren't sure what their impact would be, and quite frankly we missed joining in with them. So we learn as we go. We don't want to do that again.

With respect to declining attendance, you're quite right, we have declining attendance whether you bring in casinos or not. Our organization invested \$200,000 over the last two years to start a media relations program to try and disseminate as much racing information as we could to publications, trying to establish, or re-establish, a presence in the newspapers and on radio for the highlights of the racing. We're only one organization of about a dozen, but we've invested \$200,000 in a media relations program to try and reverse at least the trend in the media that was ignoring racing.

**The Chair:** Mr Dadamo, you have two minutes.

**Mr George Dadamo (Windsor-Sandwich):** Mr Chair, thank you. Every once in a while we seem to have to correct the record. Bear with us.

When we go back to the Coopers and Lybrand study, I need to tell you that of course not, we didn't talk to every group and every association, but we did make efforts to talk to people who represent some association and we did talk to the ag and horse racing association. Dr Glen Brown came to Windsor on Thursday and I said some nasty things to him, and I still don't regret them five or six days later.

I want to take you to an area that we need to discuss,



and one is that I have the distinction of having the interim casino in my riding and also the Windsor Raceway. We've talked to Mr Tom Joy over and over again, and he's not about to roll over and play dead. I said that on Thursday as well. He says many associations like yours don't speak for him and all you want to do is to highlight the fact that the industry's going to pot and he says it's not for him, necessarily.

But he's also said to us that Americans, who they rely on heavily, who cross the Ambassador Bridge talk about the traffic slowdowns. They have Hazel Park, which is geographically closer to them, so they don't come as much or as many times to the Windsor Raceway. They blame Customs, Customs blames them; everybody blames somebody, and people come now and they blame the government of Ontario.

I'd like to find out from you what you feel the reason is that—you're not relying on Americans. A lot of the racetracks within the interior of Ontario are not near border crossings. If they're relying on Americans and saying, "Americans aren't coming over and it's really messing us up," what's the reasoning that's keeping Ontarians or Canadians away from your racetracks?

**Mr Gorman:** First, I'm very familiar with the Windsor situation since I managed the track there for five years, so I know all about it. The reason is simply a change in lifestyle. Lifestyles have changed. Home is an entertainment centre now. Gas prices are very expensive. It's expensive to move around. Fort Erie Race Track used to be a tremendous racetrack because it was an afternoon away from Toronto. It's now too expensive to drive to Fort Erie at 55 cents a litre and \$25,000 for a car. There are a number of things that impact racing that none of us in this room have control over, and lifestyle changes is one of them.

I would make a second point that we probably didn't market properly 20 years ago when we knew our population was getting older, but we've never had the resources to do it. We do not have, as it says in one of these studies, a multimillion-dollar promotional campaign to try and retain those people. We just don't have it. But we know we've lost them. We know we've missed a whole generation. We're concerned that if we lose any more, the next generation won't have to worry at all.

**Mr Kwinter:** Mr Gorman, your projection of the loss of 10,000 jobs is based on how many casinos?

**Mr Gorman:** More than one. One casino will not do 10,000 jobs worth of damage, but we have to believe that if there's one casino and it's at all successful, there will be more.

**Mr Kwinter:** Let's say there were six. Would that have a greater effect than if there were two?

**Mr Gorman:** Absolutely. I think there's a multiplier effect. I don't know the numbers, but certainly one will

impact probably Windsor, London, Sarnia. The Sault might not bother anybody too much, but if you get one moving east into Toronto, you start to impact on these tracks. Mr Joy says himself that this is probably his year of decision. He will either be successful this year or he will close.

**Mr Kwinter:** Are you familiar with the results at Meadowlands, their current year's operations?

**Mr Gorman:** Yes.

**Mr Kwinter:** That is a racetrack that is in a casino state, and it seems to me that they've had a pretty good year. As a matter of fact, they've had a 7% increase over 1992. How do you account for that, and is there something that we could learn from that?

**Mr Gorman:** I think part of it is they made a determined effort. Because their business had declined dramatically the three previous years, they made an all-out effort to return to health. They did that primarily through simulcasting, but it will cost them Garden State Race Track, which is closing, and there are some other tracks that are pretty shaky there. But through their simulcast program, and probably their reduction in taxation—they only operate there at a half of 1% tax—the New Jersey Sports and Exposition Authority made a determined and committed effort to turn that situation around, so they spent significant dollars to do it.

**Mr Kwinter:** If you had to pick one single feature of the environment in New Jersey that allows Meadowlands to sort of prosper—and I don't know the relative figures as to whether they're prospering more this year than they were three or four years ago, but certainly they're doing better this year than they did last year—what would you think the number one determinant would be?

**Mr Gorman:** My own opinion is that it's the renewed marketing program.

**Mr Kwinter:** And that is because they have the money to do it.

**Mr Gorman:** In connection with their simulcast program. The tracks have gotten together in that state and worked out a deal they can all survive by. But they have the money to do it and they have the taxation level to get that money.

**The Chair:** Thank you very much for presenting before the committee today.

**Mr Gorman:** Thank you, Mr Chairman.

UNION OF ONTARIO INDIANS

**The Chair:** Our next presenter is Joe Miskokomon, grand council chief, representing the Union of Ontario Indians. Welcome. You have 30 minutes to make your presentation and field some questions.

**Mr Joe Miskokomon:** Thank you, Mr Chairman. I welcome the opportunity to be here today to discuss the proposed legislation concerning casinos in Ontario.

The Union of Ontario Indians represents 41 first nation communities in Ontario. The territory ranges from north of Thunder Bay, south to Sarnia and east to Pembroke. Our communities are located near large urban areas and will be directly impacted by any casino development in Ontario. The chiefs of the first nation I represent are very concerned about this issue and the approach that has been taken.

We all know that gaming is a dynamic industry with great potential for social and economic development and growth. I believe that the keys to success of the gaming industry in Ontario are cooperation, coordination and control. Cooperation will ensure the greatest benefit for both the government of Ontario and the first nations, which will in turn ensure that the industry is effectively controlled.

We don't have to look too far to appreciate the potential of first nation communities resulting from the casino industry. Tribes in the United States have experienced tremendous economic growth as a result of the casino operation. We know from the Minnesota tribes that the casinos are lifting them from decades of poverty and neglect and powering their drive to self-sufficiency. Casino development has allowed US tribes to contribute to local, state and national economies. In Minnesota alone, Indian people paid an estimated \$35 million in state taxes as well as generating goods and services estimated at \$550 million in 1991 directly resulting from the casino industry.

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Whole communities have benefited extensively from casino operations. High unemployment has been replaced by virtually full employment. Importantly, these positions are in all aspects of casino management, operation and the broader service sector. In addition, employment benefits have also been realized by surrounding non-native communities. The Chippewas of Sault Ste Marie, Michigan, alone employ 2,500 natives and non-natives as a result of their casino operation. In addition, proceeds go to pay for government-style services to meet the local needs of the citizens. These have included housing renovations, construction of health care facilities on reserves, support for early childhood education programs, establishment of on-reserve post-secondary schools, transit services to on- and off-reserve health facilities, housing and nutrition programs for elderly and support for new independent businesses.

The development needs of the first nations in Ontario are self-evident. Extraordinarily high unemployment, poverty and poor health conditions plague our communities. Currently there are 45 capital projects to build schools in first nations in Ontario on an ever-increasing waiting list. Community infrastructure includes the basic services such as roads and sewers that are in desperate need of repair or construction. Development opportuni-

ties have been historically robbed from us or eliminated because of protectionist legislation and exclusionary criteria.

The casino industry presents us with a desperately needed development opportunity, one that we are working earnestly to keep. It will now be up to Ontario to be judged by the first nations and others whether or not this most recent opportunity is realized by first nations or if yet another barrier to growth and development is thrust upon us.

Today I wish to relate to the committee my concerns about both the process and activities of the Ministry of Consumer and Commercial Relations regarding the issue and proposed legislation. In addition, I outline the specific recommendations that I feel are necessary for successful casino development for the Ontario economy as a whole and in the best interests of both natives and non-natives within Ontario.

Minister Churley, in her remarks to this committee on August 16 in Windsor, stated that MCCR is "currently discussing with aboriginal groups their participation in the gaming industry" and that they "are currently negotiating self-regulatory agreements with a number of first nations with respect to charitable gaming." Minister Churley went on to state that she felt first nations should be involved like everyone else and that they would discuss their involvement. In response to these statements, there are several things that must be cleared up.

First, the ministry has not entered into any formal negotiations on casinos with the first nations. In fact there has not even been a committee struck to discuss the issue of first nation casino development. The few meetings that have been arranged have come about as a result of our insistence on beginning a dialogue. At these meetings, Ontario has been unprepared to begin any negotiations or even state a clear position as it relates to first nations.

Second, Minister Churley mentions inclusion of first nations in the gaming, not casino gambling issues. This approach contradicts other statements which talk of the need to negotiate in an atmosphere of cooperation and respect.

Ontario and the first nations, as you all know, have signed an agreement that recognizes a special government-to-government relationship and respects the inherent right of first nation self-government. This fact sets the tone and environment for all discussions between our governments.

I remind Minister Churley and the government members of the Statement of Political Relationship between the first nations and the government of Ontario that was proudly announced as a new relationship by Premier Rae and his government over two years ago. This relationship requires government-to-government



negotiation and not the mere inclusion or consideration that Minister Churley has indicated.

Finally, Minister Churley has still not stated the position or readiness of the government of Ontario to enter into negotiations. The Union of Ontario Indians and its member first nations have been prepared and ready to negotiate to ensure that cooperation and consistency are maintained.

There is a great opportunity for casino venture cooperation that will benefit all of Ontario. We have witnessed the very negative consequences that have resulted from the lack of coordination between first nations and provincial governments in other provinces. Dangerously explosive situations have been created in Manitoba and Saskatchewan. This is a situation that we wish to avoid.

Some five years ago, the first nations of the Union of Ontario Indians recognized the opportunity of growth and development in the casino industry, and also the need for cooperation. We immediately moved to consider the essential issues of regulation and management. At that time we built a concept called the Anishinabek Gaming Commission, which specifically addressed the issues of safety, investigation and compliance with all relevant regulations. We tabled a document with the Ontario government that clearly outlines the roles and responsibilities of the proposed commission as well as providing a code of ethics and a specific charter and bylaws for the commission.

Since the tabling of that document, it has received further consultation and support from many Anishinabek communities. The commission is viewed as a regulatory body fulfilling the functions of safety, control, management and accountability in member territories and also to ensure policy coordination with the governments of Ontario and Canada.

We have still, after five years of very persistent efforts, not even received a response from the government of Ontario about this document and the possibility of beginning negotiations. The opportunities for cooperation are being diminished by this inaction. Still, we continue to be committed to this avenue. I sincerely hope that the minister is also committed to this approach and that her ministry will resolve this inaction in favour of a new approach that in fact respects the SPR and the essential need of negotiation and cooperation.

Both procedurally and substantially, we have been disappointed by the approach of the Ontario government to casino development and implementation. I'd like to take a few minutes to outline some specific disappointments and then in turn provide recommendations that will ensure that this process improves to the best interests of all residents of Ontario, both native and non-native alike.

First, the Windsor project and the process that has been pursued thus far by the ministry indicate an apparent lack of openness and cooperation. In fact, no consultation occurred before the announcement of the Windsor project, nor was consideration given to the impact on the surrounding first nations communities or other industries such as horse racing.

Secondly, the legislation currently under consideration, Bill 26, the Gaming Services Act, and Bill 8, the Ontario Casino Corporation Act, also falls short of our expectations. It does not, we feel, sufficiently address the issues, as many important areas have been left to interpretation. For instance, recognition of first nations' authority and the consequent fostering of cooperation with a body such as that outlined in the Anishinabek Gaming Commission remain unclear. Also, the concept of management agreements between Ontario and other governments or entities is not addressed. These issues of interpretation are critical not only to the negotiations with first nations but also should be made clear to all Ontarians.

The legislation, more by what it does not state as opposed to what it does, has negative consequences on first nations. Unfortunately, attempts to eliminate the Indian Act, the federal legislation covering all Indians in Canada, has not yet been successful despite the fact that there is widespread recognition that the legislation is paternalistic and does not respect the rights of our people. Section 88 of the Indian Act states that all laws of "general application from time to time in force in any province are applicable" to Indians. In other words, in order to respect the commitments of the Statement of Political Relationship, first nations must be made exempt from this legislation and a separate legislative arrangement or section within the legislation be added to respect Ontario's relationship with first nations.

Thirdly, the exercise surrounding the economic impact study preparation and announcement was ineffective and an additional cause for concern. Waiting for the study prepared by Coopers and Lybrand was part of the rationale for the inactivity of the Ministry of Consumer and Commercial Relations. We currently agree with the importance of fully understanding the economic environment before moving towards implementation in any industry. However, we failed to see that the study should in fact stall the initial processes of discussion and development.

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Now, with the release of the report, we are even more convinced that it was a mere stall tactic on the part of MCCR, as it does not contain a single reference to first nation communities. It provides no indication of the impact or effect on first nation communities that fall clearly within their identified casino market areas.

Beyond the lack of relevant information for first nations supplied in the study, it contains no new infor-

mation. A simple assessment of population indicates the areas most likely to be able to support casino development. Further, the approach of the study in determining square footage that could be supported in the various areas is one that our contacts in the industry south of the border dispute. Their experience has determined that casino size should be determined by the volume of equipment—machines, games etc—that can be supported and not square footage.

This approach leaves open the possibility of movable or rotating sites that would respond to peak tourist seasons, especially in northern locations where the permanent population alone could not support a casino infrastructure.

Finally, it now seems unclear what in fact will be the relevance of this extensive study, as the ministry has downplayed its findings in reports to the media.

Ultimately, it is clear that progress to date on this issue has left a number of critical gaps that we believe may jeopardize the successful implementation of the casino industry in Ontario. I reiterate the need for cooperation of controlled development that considers all relevant factors and players. In response to this situation, I put to you the following recommendations:

(1) The Ministry of Consumer and Commercial Relations must pursue activities and approaches that respect the policy and commitment of the government of Ontario in the Statement of Political Relationship. This necessitates a separate and unique arrangement with the first nations and not inclusion in this proposed legislation. I recommend that first nations be made exempt from this legislation.

(2) We appreciate that Ontario must fulfil its mandate of control of gaming and gambling operation as a result of the Criminal Code of Canada. Other provinces have liberally interpreted this mandate to allow gambling in areas not under direct government supervision. Similarly, we believe that Ontario can live up to its obligation and recognize the participation of first nations in the gaming and gambling industry.

Management arrangements or other arrangements that recognize first nation authority and ability to participate in gaming and gambling activities can be worked out between the first nations and Ontario. In this way, any apparent contradiction in the SPR and the Criminal Code mandate can be avoided. As proposed, Bill 28 outlines the registration of gaming assistants and suppliers as the only recognized participants in the industry. Nowhere is there an indication of the possibility of management agreements or other arrangements appropriate to first nation participation in gaming and gambling.

(3) Ontario must pursue a negotiation process on a government-to-government basis. This negotiation must begin with an immediate response from Ontario to the

Anishinabek Gaming Commission and the necessity of supporting this concept in an effort to ensure controlled and consistent development throughout Ontario. Negotiation will begin to foster the cooperation that Minister Churley has indicated is an important objective for the ministry.

(4) The issues of management agreements, licensing arrangements and benefit sharing could become items for discussion in the negotiation process.

Adherence to these recommendations will ensure the appropriate involvement of the first nations in the casino industry in Ontario. In addition, I recommend the following as essential requirements for the industry as a whole.

(5) Serious consideration must be given to the consolidation of Ontario's gaming and gambling industry. The relationship of the proposed Ontario Casino Corp to the Ontario Lottery Corp and to the Ontario Racing Commission, and indeed the racing industry as a whole, is unclear if not non-existent. These sectors of the same industry must not become competitors but rather be complementary to one another. Without coordination and cooperation, the racing industry will experience loss of jobs and revenue. From our side, we would be prepared to discuss and support participation in the racing industry once Ontario has committed to a lowering of the tax takeout or providing equalization payments in the purse structure.

Ontario has a responsibility to ensure that this industry is developed in a careful and conscientious way. The opposition levelled at this initiative fairly represents some legitimate concerns about the industry. Ontario must reassure residents that casino development can be a partnership that leads to important revenue generation and job creation. This opportunity requires consultation and involvement of all parties to ensure an all-encompassing approach.

To be frank, many opponents feel that this initiative is an attempt by the Ontario government to jump at a money-making scheme. Casino development should not and must not be allowed to be pursued on this basis. The ministry must very seriously consider the requirements of control and management that follow from the involvement of all stakeholders.

Minister Churley in her speech last week in Windsor stated, "Surely gambling is gambling." This contradicts earlier statements that drew a sharp distinction between various gambling activities. Now is the time for a consistent and clear message that reveals once and for all the position of the Ontario government and does not keep individuals in the industry and potential players guessing and waiting.

I suggest that Ontario move swiftly to consider and implement the recommendations I outlined today. Respect for the Statement of Political Relationship and



a consistent, clear position from Ontario are required for successful casino development in this province. I do believe that there is a great potential for the casino industry to inject revenue in economies that are in desperate need. At the same time, I feel Ontario has much work ahead and must start immediately to consider the whole issue. It will involve negotiations with first nations, involvement and coordination with the race horse industry and charitable gaming industry and meaningful consultation with all those affected.

At the outset I stated that the casino industry is a development opportunity for first nations, one which the first nations have prepared themselves for and now are ready to move ahead on. We have been concerned about the important issue of management and control and have moved to address these matters. In return, we ask Ontario to respect the Statement of Political Relationship between our governments and move in earnest to ensure that negotiations begin. Only in that way will another barrier to first nations development be avoided. Meegwetch.

**The Chair:** We have about four minutes per caucus.

**Mr Martin:** Mr Miskokomon, and I appreciate the work and the effort that went into this presentation. It's certainly going to be helpful.

I don't think there's any doubt but that this government wants to and is working along with your community and aboriginal peoples to try and resolve some of the issues you've raised here and I guess I can say confidently that we will continue to do that. I hear you saying we should probably move more quickly than we are, perhaps.

In light of some of what you've said here and the issue of cooperation and coordination, which is a concern for me, I come from Sault Ste Marie where we have Garden River First Nation, which is very interested in the issue of casinos. I've had many conversations with Chief Jones about it and you raise it in your submission, the question of doing this properly so we don't flood the market and destroy everybody, as opposed to having a few well-placed, well-developed, first-class operations that make money and contribute to the economy of both your community and ours.

In light of what you imagine the structure that you would put in place for your community in cooperation with what we're proposing here today, how would you see that developing? How would you see, perhaps, something happening in my area that will be beneficial for both communities so that in the long term this will be a positive as opposed to a negative experience for us all?

**Mr Miskokomon:** Thank you for asking. We've seen several issues on that. One is that I think it's important to understand that there has to be a regulatory body that has to take into account safety and investiga-

tions, accountability, management control, those kinds of issues that are being put forward. I don't think it's proper to advance site-specific locations first, because we get into this whole issue of how many should be going where. We've got, as you well know, something like 29 applications into MCCR for casino sites. We clearly know that's not a viable option in terms of the marketplace today. So what we have to talk about is: What is the regulatory body going to be? What is that in relationship to the Ontario Racing Commission and the Ontario Lottery Corp and so on? I think those have to be harmonized first as an administrative tool of the government.

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Secondly, when we've been talking about site-specific locations, we've been talking in terms of—I don't believe you require a square footage in terms of what makes a casino viable. It takes into account the amount of devices within a given operation and the amount of population. We've talked in terms of having solely owned Indian casinos situated in Indian communities.

We've talked to MCCR about having Indian casinos that are situated off Indian communities. We've talked about having Indian casinos that are co-owned between Indian communities and the government of Ontario. We have talked about having Indian casinos that are co-owned between municipalities and first nations. We've talked with MCCR on not only one first nation participating within a casino, but there would be a given district where there would be a number of communities participating. There would also perhaps be areas of joint venturing between municipalities and individuals if necessary. So the list of options is available. It's open to us.

**Mr Martin:** Could I just have one short one?

**The Chair:** Very, very quickly, Mr Martin.

**Mr Martin:** Okay, it's another issue, Chief. You've obviously made up your mind that casinos are good for your community and are going to be something that would be an economic stimulant that will be positive. You know the moral questions, the question of this being a tax on the poor. How do you respond to that?

**Mr Miskokomon:** I've been asked that question before and I thank you for raising it. As you know, our communities are the poorest of the poor in Canada. I don't see that as a rationale to remain poor.

**Mr Kwinter:** Chief, I'm really interested in your presentation and your allusion to the Statement of Political Relationship and the fact that you want this to be negotiated on a nation-to-nation basis.

Hypothetically, I'm just curious, given the fact that you've asked for certain exemptions based on the first nations sort of principle: What would be the first nations' position vis-à-vis the Criminal Code about not allowing dice games at a casino? Is that something you

feel you would want to negotiate because of the first nations' position as opposed to being subjected to the Criminal Code, or is that something you would say that, whatever those laws are, those are the laws and we would adhere to them? I'm just curious to know what the position would be.

**Mr Miskokomon:** First of all, our proposition is not to evade the Criminal Code. We believe that there are ways of developing a relationship with the government in Ontario that in fact would adhere to the Criminal Code. Throughout the last decade, during our negotiations on constitutional reform, we've always said that the Criminal Code would prevail, as would the Charter of Rights, so we're not trying to evade anything from that way. What we are saying is that, in terms of fulfilling the elements of the Criminal Code, what you have to do is build a regulatory body in order to fulfil that.

We understand the dilemma that the government finds itself in, in terms of not being able to delegate, again, an already delegated right from the federal government. We've talked in terms of inclusionary things within the regulatory body, the gaming commission that we call it, in order to fulfil those elements of the Criminal Code.

What we're talking about is: If casinos are going to go forward, we understand that they are going to have potential for tremendous economic impact within our communities. We're not trying to evade anything in the legal way, but what we're saying is: We have to also build self-governing institutions that recognize that there are degrees of management and control within those self-governing institutions. At the same time, as many people said—and your previous witness just said—the fear of having that kind of negative impact on such things as the racing industry—I think there are ways you can work cooperatively in conjunction together rather than pitting one against another.

The way this bill is going to go forward, we'll have three separate commissions within Ontario all vying for the same entertainment dollar. Someone is going to lose unless there's cooperation.

**Mrs Caplan:** To follow along, Chief, I heard very clearly from your remarks a frustration you were feeling on behalf of the first nations. I see you're smiling. One of the things you've asked for is a consistent and clear message from the government. What do you mean by that? What is it that you'd like to hear them say very specifically to the first nations?

**Mr Miskokomon:** I'd like to hear them say they'd sell us the whole right on casinos and we'd take it over for them. But recognizing that this probably won't take place, Mrs Caplan, what we're saying simply is that there is room in the business to have cooperation between first nation people and the government of Ontario. What we would like to see is a realization of the Statement of Political Relationship, so it's not

smoke and mirrors, it's not just another trick, it's not a trick treaty here, that you say on the one hand, "Yes, we agree to self-government; we want to conduct business on a government-to-government basis; we believe in the inherent right to self-government but, by the way, we'll tell you how to run your casinos," or, "We'll tell you how to do this," or, "We'll tell you how to do that." That's not the spirit we want to foster. We've moved into a new era. What we want to do is begin those discussions on the kinds of agreements we've already set out and I think people are ready for it.

**The Chair:** Sorry, our time is running very short.

**Mr Carr:** I sometimes wonder if people are watching two different presentations, to hear Mr Martin say that he heard cooperation, when what I saw in this document is an overwhelming condemnation of the process, which in all fairness is what both opposition parties have been saying. I don't think we should be surprised that the same incompetence that's gone on in this process has gone on in other areas too.

I was interested in the point on page 7, where you say, "Dangerously explosive situations have been created in Manitoba and Saskatchewan." If the government proceeds as I think it will down the lines of what it proposes and, as you know, in the Coopers and Lybrand study it listed various areas. If the first nations don't receive the authority to operate one of the casinos, what do you see happening in the province if it goes with these casinos and the first nations aren't a part of it? What do you see happening?

**Mr Miskokomon:** I don't have my crystal ball with me today, but what we have seen in the past and very clearly within not very many hours' drive out of Toronto, in the state of New York, where there had been casinos opened up, there was a loss of two lives. That community was under siege between warring factions.

When we look at the experience that happened within the United States, which we've been following for a number of years, the allegations that there is dirty money coming in and that there is a potential for criminal activities to begin, we want to eliminate that right from the get-go. What we want to talk about right off the bat is to start dealing with the kinds of security issues, the kinds of safety elements, the kind of accountability that's going to be necessary, regardless of who does it. Regardless of whether your government does it or someone else, those things have to be in place. What we're trying to do is to eliminate all of that right from the beginning, to foster a spirit of cooperation and saying, "How are we going to work together?"

I'm tired of coming in front of standing committees for the past 12 years and talking about the kind of situation that exists within our community that would not be tolerated anywhere else in Canada, yet life goes on.



**Mr Carr:** Do you believe right now that you have the authority to open up a casino if you choose to? Do you believe you have the legal authority to do that right now without the permission of the Ontario government?

**Mr Miskokomon:** Well, regardless of what the courts say. The courts based their ruling upon the Jones case in Shawanaga. That court case was lost and said that was not a part of the right. We've heard very recently, within the last two weeks, that the Royal Commission on Aboriginal Peoples has said that the whole issue of self-government is already contained within subsection 35(1). We, as Indian people and Indian leaders who have dealt with the Constitution for the past 12 years, believe that this right has never been given up. All we're looking for is a recognition. We're not looking for a granting of authority; we believe we own it. We've had it and we'll continue to hold it. If anybody says, "Are you prepared to accept delegated authority to do this?" the answer to that is, "Absolutely not." What we want is simply the recognition that our governments have in order to conduct business just like anyone else in this country.

**The Chair:** Thank you very much. Unfortunately, our time has expired. Mr Miskokomon, thank you very much for presenting before the committee today.

**Mr Miskokomon:** Thank you, Mr Chairman. You'll notice in our presentation that we passed around we're holding a gaming conference this week, beginning tomorrow night. We invite all the committee members to come and talk to the members from the United States and the tribes that are going to be there on what their experience has been.

**The Chair:** Could I just ask you how many people will be attending this forum?

**Mr Miskokomon:** We're expecting around 200 people at this point. But if you come, there'll be 225.

**The Chair:** Okay. Thank you very much.

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#### TONG COMMUNICATION LTD

**The Chair:** The next presenter today is Lanny Tong, representing Tong Communication, Windsor. If you would come forward and make yourself comfortable, you have 30 minutes to make your presentation.

**Mr Lanny Tong:** Anai anishne. Hi, how are you?

**The Chair:** Hi. When you're ready, proceed.

**Mr Tong:** Those brochures are interesting. The brochures happened to be at the metropolitan airport in Detroit yesterday when I was accompanying my cousin and my uncle to return back to California. We happen to have had a family reunion since you were in town. I've had some wonderful times. I just approached the brochure section of the ticket counter and I happened to pick that up. It said "Minnesota" and I opened it to the middle page and there was an advert for the one particular casino group. It was so interesting to me that I

thought I'd just grab about 14 of them and distribute them to you, and if there's any criticism of that by anyone, basically that's how it came to be. Sometimes things occur in the process of just going about one's business. I have no interest in anyone associated with any particular casino, but I did talk with the manager of the airline. He explained to me how that promotion came to be and I suggested we could get the arrows coming the other way and have the same promotion coming to Windsor.

I'm hoping that there can be some sharing of the provincial profits with the native people and I'm hoping you'd consider that and structure something like that. I'm thinking that perhaps the casino could be called the Grand Chief Casino after our favourite guest, who was before me, or it could be the King William Casino—just a couple of names I thought of. I'm sure there's a lot of brainstorming going on.

**Mr Carr:** How about the Bob Rae Casino?

**Mr Tong:** You know, I have to tell you this: During the provincial election I voted for one person. That was a write-in vote and I know that it was disqualified, but I voted for Chief Terry Doxtator at that time. The interesting thing was that I went down to the Can-Am Indian Friendship Centre of Windsor to understand how to spell his name correctly without realizing he was the director there. I was reviewing some newspapers afterwards, thinking he was the man at Oka whom I saw on TV, and he was so favourable. Mr Lessard, I'm going to vote for you next time. I'm in your riding and I definitely am going to be voting. I'm specifically going to be voting—

**Mr Carr:** Two; just you and him.

**Mr Tong:** No, I can cast only one vote. No, I think what's happening is favourable. I think it's timely that the government in question right now is satisfying a role, and over the long run there will be pensions for all. Perhaps it could be a consideration for community development in the area of, if possible, a spiritual dwelling for native people. Perhaps a longhouse could be constructed. I know we're talking about other facilities, but that's just a suggestion. I feel very deeply about that.

I'm hoping to establish the type of harmony which the grand chief spoke of. I'm on the Windsor Powwow Committee. We had a successful event. Our first annual was coincidental in time to the Art in the Park event. We're going to be coming into Windsor and it's going to be an annual affair. It was just a wonderful time. It was beautiful.

Basically, that's as much as I really should say. I'm just happy to see you again; I missed you. It was very nice to have you in town. I am sure that you will return. I think that's going to be the case. The Peabody bridge is down. My brother drove me to come here, but it's an

amazing effect to have the appearance of the Renaissance Center from that distance. It's just overwhelming. Construction is going on at the bridge and it took 15 minutes to get from the metropolitan airport. They've got the construction off to the side now and it's just a smooth throughway. There's no interference. It's just amazing what's happening. It's going to happen to the other cities eventually too. It's going to be good. I really congratulate everyone involved and I mean all of you.

**Meegwetch.** Thank you very much. I have this here because I identify particularly with a particular site in the riverfront development. I've come to the city council, so it's fair for me to introduce it now, but I consider that there's an Odawa burial site in the riverfront development, so since I've come before council four times and I basically have the same theme all the time, I think it's fair. I gladly introduce that here, ladies and gentlemen, because this is how it is that I've been motivated to come here. I travelled overnight and I intend to go back, but I'm very happy to have come. It just compliments Queen's Park to see you here. It's amazing too. Again, it's another one of these overwhelming situations. The process is terrific. Congratulations.

**The Chair:** We have about 21 minutes or so for questions; that's seven minutes per caucus.

**Mr McClelland:** I think Mr Lessard should have the bulk of the time.

**Interjection:** Your question is, would he like to manage Wayne's campaign?

**Mr Kwinter:** Mr Tong, you did me a service actually by distributing that brochure.

**Mr Tong:** You're welcome. I want to see what you're going to do with it.

**Mr Kwinter:** I just want to read a little bit from it and I just want to get your reaction to the comment when they talk about Grand Casinos. I'd like to read it into the record. It says:

"Less than two hours north of the Twin Cities are two of Minnesota's premier casinos—Grand Casino Hinckley and Grand Casino Mille Lacs. Each casino offers more than 100,000 square feet of fun with over 1,400 video slot, poker and Keno machines; at least 48 Vegas-style blackjack tables with limits of \$3 to \$1,000; Royal Ascot—the first horse racing game of its kind in the US; plus, all-you-can-eat buffets and lounges with live entertainment. Casinos are open 24 hours a day, seven days a week. Try your luck at the tables or just come for the food and entertainment."

The reason that has sort of attracted my attention is that those are the kinds of operations that are being run in the United States and other places. That is not the kind of operation that is being contemplated in Windsor or anywhere else that I know of.

**Mr Tong:** All that's irrelevant; I have nothing to do with casinos.

**Mr Kwinter:** No, no, no. I'm not suggesting that you do.

**Mr Tong:** We can take care of what's outside of the casinos, entertain everyone, protect everyone and care for everyone.

**Mr Kwinter:** The point is that, as I say, you were kind enough to distribute this material. I'm just trying to get a reaction from you or maybe from the members of the committee. The point that I'm making is that if this exact facility were duplicated in Detroit, where—

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**Mr Tong:** That's just two gas stations on the same corner; that's all you're going to get.

**Mr Kwinter:** No, except that you have a situation—

**Mr Tong:** You have no view of the skyline in Detroit. You have no view of the skyline. We have what they want.

**Mr Kwinter:** —where people are encouraged to go there and eat and be entertained as much as they want at no charge. They can be there 24 hours a day. They have an array of games that will not be available—

**Mr Tong:** They can have more of it. It will be less; it will be different. No one goes down there for that sort of thing if they have an opportunity for a choice. Once they've been here once, they'll return and they'll keep coming to all the others.

I have nothing to do with casinos. I avoid a lot of things. That's why I can sit here and identify with the spiritual element of this whole thing.

**Mr Kwinter:** Thank you. I want to wish you well on the next campaign.

**Mr Tong:** I'll tell you, I think you're the most positive influence on the panel. I really appreciate what it is that you do because you motivated me. I read the newspaper a day late and it stimulated me when I read what you said.

**The Acting Chair (Mr Kimble Sutherland):** I believe we still have a couple of minutes for the Liberal caucus. Are there further questions? No? Okay, moving on, then, Mr Carr?

**Mr Carr:** Holy smokes, he says the nicest things about every person who goes along. I'm wondering what he'll say about me.

**Mr Tong:** When you avoid voting, you can do that. I go with whoever is in and I go with everybody and that's it. That's why I get along. I just made friends with the grand chief. He's coming down to Windsor.

**Mr Carr:** I had a question, just a little bit about your background. I notice you're in communications. Forgive me, but what is the other reason? You have no reason to come other than your interest in the issue or—

**Mr Tong:** I'm going to be able to be familiar with



you. I can talk to you on a first-name basis in the future. I'm a Windsor native. I'm uniquely identified. I have an honours degree in cultural anthropology and I'm actually putting it into effect. The only time I've done that is when it was personally an involvement that was close to my heart, where the spirit from that grave went into my heart and I reacted to it.

I was hoping to see that we would represent ourselves well. Harmony was the key word. It's happening and it is an evolution and the development is wonderful to observe. I think I'm two steps ahead. You people are three, but I mean, I've got this intuitive factor here and I have to keep my mouth shut on half of the issues, and I do.

**Mr Carr:** Where is the grave site that you're talking about in Windsor?

**Mr Tong:** It's around a road called Louis Avenue and I really appreciate introducing it. Our council has offered the native people to do whatever it is that they would want to do, but I would like the opportunity to have a conversation with them before they—the case is similar to what we see here. There's this discrepancy in understanding and I feel I'm trying to skirt that.

**Mr Carr:** And your job is in communications?

**Mr Tong:** I'm very independent. I make little money, but I make great relations.

**Mr Carr:** You should get into politics. Run for the nomination for the NDP. Thank you. I wish you luck.

**Mr Tong:** I'd probably have to go through Mr Lessard just to be able to qualify to go into the casino.

**Mrs Caplan:** No.

**Mr McClelland:** Maybe you should run against Mr Lessard.

**Mr Tong:** No, I'm just saying with my criminal record.

**Mr Wayne Lessard (Windsor-Walkerville):** Mr Tong, thank you for making the trip to Toronto to appear before the committee. I guess that interest was so high in the city that you couldn't get on the list there.

**Mr Tong:** When I saw the grand chief was here at 2:30, I specifically appreciated coming at 3, because I just made a friend. That's about the most important thing for me today. I got a ride to around Streetsville. I was up all night just reviewing and enjoying myself. I'm sort of on a guardian spirit quest right now, it seems. I'm going to be heading back home. I'm just happy to see you and it's nice to be here. It's the first time I've been here; it's very impressive.

**Mr Lessard:** I hope that you have a look around Queen's Park. It's an impressive building as well.

**Mr Tong:** I've got no time for that; I've got to go.

**Mr Lessard:** You say that you're here as a representative of Tong Communication of Windsor. Is that a business?

**Mr Tong:** I've only registered myself as of last year as that. I've been studying organizational communications. I'm the best amateur communicator in the world.

**Mr Lessard:** So this isn't a business where you expect to somehow be able to benefit from the coming of the casinos.

**Mr Tong:** I'd just as soon introduce people to each other. That's basically it.

**Mrs Caplan:** Is this an interview, Wayne?

**Mr Lessard:** You said that you were stimulated to come here by reading Mr Kwinter's remarks in the newspaper. I wondered what those were.

**Mr Tong:** He may have solved our big legal suit in town, because there's no reason for it to dissuade them being one of the four. If there is the one, then we've got no \$100-million lawsuit any more. If someone else is selected, then Mr Docherty can go to another town. We'll lose him and then we'll be really up the creek. So let's get intelligent here.

**The Chair:** Thank you very much, Mr Tong, for presenting before—

**Mr Tong:** Thank you. I'd also like to get everybody's name, if I may, so I know to whom I was talking. It's a pleasure. It's just a wonderful system, and the system has a woman; that's why I appreciate it, more than anything.

**The Chair:** Thank you very much, Mr Tong.

JENNY COCO

**The Chair:** If Jenny Coco is present—it's a little early, but I'd invite you to the front. You have 30 minutes to make your presentation, and you may use all or a portion of that time and you may use some of that time to field questions from the members as well. So if you're ready, please proceed.

**Ms Jenny Coco:** Thank you, Mr Chairman, members of Parliament and guests. My name is Jenny Coco. I'm a local resident of the city of Windsor. Unlike the previous speaker, I am employed in a family business and I am the financial consultant there. I hope to address my issues pertaining to Bill 8.

Firstly, I want to express my pleasure and to congratulate the province of Ontario and the Minister of Consumer and Commercial Relations for taking this important step in the economic stimulation of the economy in the city of Windsor. Secondly, I want to comment on the strong attributes of Bill 8 and to make some suggestions which might make the proposed bill even better legislation, so I would hope.

I strongly support this legislative initiative of the province. Not only does Bill 8 provide the means for contributing to the economy of Windsor in the province; it is an important step in providing proper legislative grounding for the casino gaming industry in the province of Ontario. Also, by creating a crown corporation,



Bill 8 provides the means for responsible management and control in structure.

Firstly, to address the economic stimulus: It would be job creation, economic diversity and revitalization of a suffering tourism and hospitality industry, which are so desperately needed in the city of Windsor in Essex county. This is particularly true for the downtown business community and in the downtown commercial area. The casino project will create the opportunity to see that these needs are addressed. Although there is no consensus on how many thousands of jobs will be created by this provincial initiative, there is a wide agreement that the potential number of direct and indirect jobs to be created is substantial.

There is also wide agreement that the economic benefits of Bill 8 will have significant impact on other Ontario communities, as well as provincial and federal treasuries. For these reasons, the province must see that Bill 8 and the legislative authority for casino gaming is put into place.

If protection of the horse breeding industry, in support of the agricultural economy of Ontario, is justification for pari-mutuel wagering on horse racing, then the stimulation of economic development on an even broader scale is reason enough for legislation providing for development of a casino gaming industry. This committee has heard a number of representations calling for the protection of the horse racing industry. I do not doubt the importance of racetracks and horse breeding in the agricultural economy of Ontario. Furthermore, a person would have to be extremely naïve not to think that casino gaming will have an effect on wagering at the racetrack. But the racing industry has been facing increasing pressure from a wide range of competitors for the entertainment and gambling dollar. Casino gaming will have an influence on pari-mutuel horse racing, just as do movies, which compete for the entertainment dollars, and lotteries and charitable gaming, which compete for gambling dollars.

The role of the province, however, should not be to protect the interests of one narrow industry from competition. Instead, it should be to provide a basis for broad economic development. As with every form of competitive business, it is the responsibility of the horse racing industry to meet the new competitive and declining markets with innovation, energy and diversification.

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Through Bill 8 there is an opportunity to realize large-scale economic benefits for the province, but the province must also see that the benefits are effectively realized and that any associated social or cultural risks are minimized.

The casino project team has taken an important step in this respect by proceeding with an interim casino. I also congratulate the project team in its very astute decision to proceed with an interim casino and to locate

the interim casino in the downtown business district of Windsor at the Art Gallery of Windsor.

This decision will accelerate the much-needed economic stimulus to the downtown area. It will also provide valuable experience for the city, the province and the operator prior to opening the permanent casino.

The art gallery is a showpiece building and one of the most attractive settings in the city of Windsor. Locating the interim casino at the art gallery building will ensure the casino patron realizes the best possible impression of Windsor as a place to visit and of course to revisit.

My comments in regard to Bill 8 are now going to be addressed. The creation of a crown agency to take absolute ownership of the casino is a vital part of the legislation of commercial casino gaming in Ontario.

Also the revisions of the Gaming Services Act that are contained in Bill 8 are significant steps in providing a reasonable regulatory function in ensuring the integrity of casino operations. It is critical that the legislation ensure that the conduct and management of casinos avoid even a whisper of misconduct. The public must have confidence in the province's ability to control the conduct of the casino industry and to manage a wide range of social problems from organized crime to compulsive gambling behaviour.

The province must also be seen to place the interests of communities and residents above those of revenue generation for treasury coffers. I also believe that minimizing social and cultural risks should be as serious and as specific as are the revenue and economic considerations.

While I commend the content of Bill 8 as it presently stands, I suggest that a number of improvements could be made to the legislation which take my concerns into account. These recommendations are not put forth as criticisms of the present bill but as enhancements to make the needed bill even more effective in achieving its purpose of economic development while minimizing the social and cultural risks which might accompany this initiative.

Firstly, the bill must be more explicit in providing a role for municipalities in the management and control of the casino industry. Considering the economic and social influences of a casino on any host community, there should be more specific influence by the community in several decision-making areas.

When considering the experimental nature of the pilot project, the enormous cost of land and infrastructure being incurred by taxpayers of the city of Windsor and the potential social consequences, community influence in decision-making is particularly important for the community of Windsor. I suggest that more municipal influence can be achieved in the following changes which should be incorporated into the bill.

Bill 8 provides for a five-member board of directors.



I suggest that this board be expanded to a minimum of eight members and that there be a majority of municipal representation on the board. These municipal appointees should represent the host municipalities on a proportional basis. It is important that local citizens believe that their objectives have the same priority as the province and the private sector of the casino.

I also recommend that Bill 8 be specific in establishing an independent watchdog committee to monitor the social and economic impact of the pilot project in casino gaming as it progresses throughout the province of Ontario. This is a vital function in view of the intensity of economic change and the sometimes conflicting objectives of the operator, province and municipality and the risks of large-scale social influences from casino gaming. By incorporating this committee into the legislation, the province can ensure its continued existence and can see that this committee is as objective and as independent as possible in its reporting, primarily to the public.

I recommend that Bill 8 state that this watchdog committee consist of a combination of professionally qualified persons selected from academia and from the community at large. A carefully selected committee can provide an independent evaluation of the economic benefits and sociological effects of the casino project on the daily lives of the community residents.

I also recommend that this committee form the nucleus of a provincial as well as Canadian centre for gambling studies to be located at the University of Windsor and funded from casino revenues. This research centre would be a joint program of the faculties of law, social science, including sociology and criminology, business administration as well as other interested disciplines in this growing national industry.

Just as the purpose of Bill 8 recognizes the economic benefits of casino gaming, there needs to be statutory recognition of the risk and social impacts, whether this be compulsive gambling behaviour or increases in street crime. There should be a statutory designation of a monitoring and research function.

Bill 8 should also provide for the creation of policies designed to mitigate excessive gambling behaviour. While the committee and research functions just described will go a long way towards this purpose, I recommend that this legislation specifically provide for the funding of public education and other prevention programs and that it provide for the funding of programs for active counselling and treatment of compulsive gambling behaviour.

Bill 8 appears to provide for the operation of casinos without restriction. The bill appears to give the crown corporation blanket authority to open casinos whenever and wherever it pleases. This exposes the corporation to tremendous pressures from private and public interests. It also gives reason for legitimate concern by the

residents of Ontario and some municipalities who do not want to have casino gaming or who may disagree with the size and scope of casino operations being planned. These people may fear that the province, through the crown corporation, can impose a casino on their community without the consent of the municipality. Even though that is certainly not the intent of the province, there may be a perception of the province's placing revenue generation ahead of the interests of the local community.

Bill 8 must be explicit in the means by which casino gaming is to be expanded beyond the pilot program. Expansion should not only be legislatively contingent on ministerial approval according to a definitive licensing format but the municipality should have a strong voice in the expansion process and the ability to accept or reject the province's proposal for its community.

Third, the sections of Bill 8 concerning the repealing of the Gaming Services Act and substitution by the Gaming Control Act go a long way to improving the regulation and controlling for charitable gaming. Commercial casino gaming, however, is significantly larger in scope than charitable gaming and the social risks and consequences are profoundly larger. For these reasons, I recommend that Bill 8 be more explicit in providing for the separation of audit and control from the operations of the crown corporation and in separating the ministerial responsibilities from other forms of gambling. Separation of operations and control is vital in achieving maximum integrity of gaming operations in fact and in perception.

We strongly recommend that an independent investigation and auditing agency be established independent of the ministry responsible for the crown corporation, and furthermore that the mandate of this agency include an autonomous review of security and integrity of gaming operations. Only in this way can one maximize impartiality and independence in the ongoing review of casino operations. The independence of this agency provides an important and desirable check and balance to the operation of the crown corporation.

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In addition to providing for the separation of the audit function from operations, the proposed legislation should be explicit as to ministerial responsibility for casino gaming. While responsibility for licensing and regulation of charitable gaming and other forms of gambling should continue to be within the Ministry of Consumer and Commercial Relations, the crown corporation charged with the mandate of operating and managing casino gambling on behalf of the province should be accountable to a separate ministry determined by the cabinet. Separating location of responsibility from existing gaming interests would allow for the development of the regulatory structure and procedures of casino gaming somewhat free and independent of the

influence of existing charitable gaming controls.

Furthermore, independent charities and private suppliers operate charitable casino gaming, and therefore it is properly controlled through extensive regulation. The Ontario Casino Corp will have absolute ownership of the Windsor and subsequent casinos that will be empowered to control casino gaming through operation either directly or indirectly or through the private management company. As such, a different control model is required for the two models of operation.

In conclusion, I again congratulate the province of Ontario and the Minister of Consumer and Commercial Relations for taking this important step in the introduction of a new economic catalyst for the city of Windsor. I would also like to thank the members of organized labour, the Downtown Business Association and community, and our local members of Parliament especially for helping us to see this project to its present stage of fruition.

I strongly support this legislative initiative of the province and want to re-emphasize that the purpose of the comments and recommendations in this submission is to ensure that the pilot casino project can best accomplish its objectives and that this important initiative will result in economic benefit to the community as well as the province with a minimum of accompanying social risk.

Again, thank you for granting me the opportunity to address this important issue to our community.

**The Chair:** Thank you very much. We have about four minutes per caucus.

**Mr Carr:** Thank you very much for your presentation. You know a great deal about the legislation. I'm just wondering what the interest is, why you took so much time to learn and understand and get into the details. Is there any particular reason?

**Ms Coco:** I was a member of the original committee that prepared the business plan that was presented to this government.

**Mr Carr:** There seems to be an urban-rural split over this issue. You may have been here when the horse racing folks were in earlier. They say it will cost jobs. What do you say to the people in rural Ontario in the horse racing industry who are fearful that casinos are going to put them out of business?

**Ms Coco:** I think that diversification is required. Historically, they've been losing revenues over the last six years, I think some of them have reported. As such, they've publicly reported those figures, and I think that something ought to have been done well in advance of the present day.

**Mr Carr:** Because it's not dissimilar to what happens in other industries that have—when Algoma gets in trouble, the government gives them money and

attempts to get them over the hump. It seems with the horse racing, we say, "Sorry, you're on the decline." One can say that with the situation with Algoma and de Havilland, and there we say: "No, it's a viable industry. They need support. The aircraft industry needs support around the world from governments." But when it comes to horse racing, we don't take the same attitude and apply it.

But my next—

**Ms Coco:** Pardon me for interrupting, but I think they may have addressed it in their presentation in terms of the tax implications and their overtaxation.

**Mr Carr:** The other question relates to the same situation. Some of the questions that have been asked: A lot of people in Windsor think this is going to attract a lot of people from the US. We saw some of the comments in here where our casino is not going to be similar to the one that was listed here, for example.

Do you really think we're going to attract the 8,000 Americans a day that the government is projecting to come across and spend money in Windsor when they have options such as this at fairly cheap rates from Michigan right now, casinos that have 24-hour entertainment, liquor and so on? Do you think we can do a better job in terms of attracting the Americans across the border to Windsor?

**Ms Coco:** Yes, I think we can if we do a proper marketing proposal, and I think that if we have more of the local representation involved in that, it will be targeted accordingly.

**Mr Carr:** How much do we spend for that marketing? Because I think it needs major, major dollars. Here you see an airline that's a part of it. How much do you think Windsor should spend in order to attract them?

**Ms Coco:** I'm not a marketing consultant, but I would assume that vast dollars would have to be allocated accordingly. I will say that presently there is an enormous number of people coming into Windsor just for bingos and other charitable functions, and I'm sure the market is even larger. If you look at the number of Ontario residents going down into the US market and gambling, there are significant numbers in revenues lost there.

**The Chair:** Thank you. Mr Dadamo.

**Mr Dadamo:** Oh, thanks very much. I wasn't expecting it so quick.

Jenny, you've painted a pretty good picture of the city of Windsor and the downtown, and there was no pun intended with the art gallery and that kind of thing. The three Windsor members, of course, always felt that the art gallery was the prime choice, and should have been, of the three. But understanding that we had a pretty good relationship with the other two proponents, Devonshire Mall and also the Windsor racetrack, we went into this with the idea that downtown needed to be



revitalized, as the mayor has said many times, and that the art gallery, as I said, was the best choice.

I know, just for public record, that others have done it, but in your own words, how can you best describe what we as Windsorites feel the art gallery will do for the downtown area, which has sort of been slipping away and needs to be revitalized?

**Ms Coco:** I think this will allow for the endowment of the art gallery in the future. I also think it's strategically located in a prime location. I think the other two were not in the location that was required. It was initially with the intention of rejuvenating downtown business, and that is suffering right now. If you walk down the street, if you talk to local merchants, you will know that they're in a strategically unpredictable state.

**Mr Dadamo:** And 600 people rallied, pushing for the art gallery. That was heard loud and clear by the government, and I guess we reacted in the proper way. Thanks. My colleague Kimble Sutherland has a question.

**Mr Sutherland:** You mentioned that the business you're in is a financial consulting business. I was just wondering if you could outline for the committee whether you've had any inquiries from any of your clients who have indicated that they're going to be looking at carrying out new investment as the result of a casino going in there, and maybe what type of investment, whether that's adding on to existing investments and businesses or is new investment altogether.

**Ms Coco:** I don't know if I misstated my profession, but I stated I was the financial adviser to the family business. In doing so, I can't address the question that you've just initiated.

**Mr Sutherland:** Okay, sorry. I misinterpreted what you do. Then what types of comments have you heard as to the types of investments people would be looking at making as a result of a casino coming in?

**Ms Coco:** I think the casino coming in will increase the condominium projects in the Windsor area. I also think it will increase the number of retailers in the downtown area. A lot of them have closed shop. There are a lot of vacant buildings downtown, and I think the local developers could attest to that. I also think, though, that it's important that the city not stop strategically planning after it has done the gambling casino. I think that is only one step we can take. I think we have to be proactive and then basically caucus and think, "What can we best do next to rejuvenate and keep the city of Windsor rejuvenated?"

**The Chair:** Thank you very much. Mr McClelland.

**Mr McClelland:** Thank you, Mr Chairman. Mr Kwinter and, if you would be good enough, time permitting—

**The Chair:** Mr Kwinter.

**Mr Kwinter:** Ms Coco, I have a copy here in front

of me of a publication called Gaming and Wagering Business. It's dated August 14, so it's relatively current. The title says "Gambling on Canada: Windsor will be site of Ontario's first casino, to open by 1995." It's a fairly extensive article, looking at the whole aspect of casino gambling and what is going to happen.

One of the people who is quoted is Alan Feldman of Mirage Resorts Inc of Las Vegas, which reviewed but passed on the Windsor casino; they had looked at it and decided not to bid. There's a comment he makes that I would like to read to you, and I would like to get your reaction as someone very much involved and interested in what is happening.

"If a casino in Windsor is going to be a success, it is going to be a roaring success"—this is someone else saying this, by the way—"and that is going to attract the attention of the authorities across the river. Some believe the entrée of Detroit into casino wagering would seriously impair the Windsor project."

This is where Mr Feldman makes his comment:

"'Oh, it should have to,' said Feldman of Mirage Resorts Inc. 'The market in Windsor is Detroit. Assuming there is a casino somewhere in Detroit, why on earth would anyone want to schlepp to Windsor?'"

Those are his words. I just would like to get your response to that.

**Ms Coco:** First of all, I'm insulted by the comments. Secondly, I think that "schlepp" isn't the appropriate word.

**Mr Kwinter:** Those are his words, not mine.

**Ms Coco:** I'm criticizing his comments. You've just articulated them and recited them. None the less, I think if you want me to voice my opinion, it is such that I think: Why do Detroiters now come to Windsor? Why do Americans now come to Windsor, as some of them do? Some of them may continue to come, not only to Windsor but to Toronto. It's not just for a gambling casino. That is one enticive measure and that is only one measure. As I've said previously, I think the city of Windsor cannot be stagnant. I think this is only one initiative that we're going to take, and we'll have to proceed and caucus and be proactive and, "What are we going to do next?" I think this will help the economy at this point in time. I think we have to be quick and I think we have to do it readily.

**Mr McClelland:** I think one of the concerns many of us have, Ms Coco, is that at this point in time none of us is prophetic, so all we can do is give the best shot at it, and you've come up with some very good suggestions and ideas.

1540

I wonder if you could, just for my benefit—maybe I missed something. I didn't quite understand when you were talking about the five-member board being expanded to eight and talking about a pro rata represen-

tation. Were you thinking in terms of additional cities or Windsor specifically? If you could sort of flesh out that concept that you have, because I either missed it or maybe you just sort of threw it out as an idea that needs to be developed somewhat further. I'm sure you've given it some thought. If you could help us or help me with that, I'd appreciate it.

**Ms Coco:** My thoughts in that area are predominantly to go ahead and assume that we have an eight-member board. Then what we would do is have at least five members of local representation and perhaps—

**Mr McClelland:** Excuse me. Windsor local, or are you talking about local as in—

**Ms Coco:** Windsor-Essex county representation.

**Mr McClelland:** Okay. You see, my problem was if you were thinking in terms of five from each potential city, each potential locale, and I kind of lost the train of thought there.

**Ms Coco:** And then I think that if the province did proceed with other centres for casinos, then what they could possibly do is have the three members from the province at large go ahead and maybe be the representatives on the other panel so that they would still continue local representation. I think it's important to keep local representation there. I think that they best suit the needs and each community's needs differ.

**Mr McClelland:** So you would envisage a multi-panelled operation with a different construction of that panel depending on the locale?

**Ms Coco:** Yes.

**Mr McClelland:** Okay. I can envisage some difficulties with that off the top of my head, but I'm just interested in the thought and will give it some consideration. Thank you.

**The Chair:** Ms Coco, thank you very much for presenting before the committee.

**Ms Coco:** Thank you.

**The Chair:** It would appear, although I'm always willing to be corrected, that Mr Koskie is not here at this time. Because he is scheduled to be here at 4 pm, we'll recess until 4 pm, and at that time we'll determine whether we plan to continue or not.

*The committee recessed from 1544 to 1558.*

**The Chair:** We will bring the committee back to order.

#### UNI CONVENTION PRODUCTIONS INC

**The Chair:** I want to welcome Keith Koskie and Vito Monardo, representing UNI Convention Productions Inc. Welcome to the standing committee on finance and economic affairs. You have 30 minutes to make your presentation, within which you may choose to leave some time for questions from the committee members. You may proceed.

**Mr Vito Monardo:** Gentlemen, I'm not a public

speaker so you'll have to bear with me. I'll read from my text.

After the opportunity to examine the first CNE charity casino effort, UNI sought to build a business with one goal in mind: to prepare a pool of skilled individuals who could facilitate the future needs of government-run casinos as well as the needs of limited-stakes charity casinos. Invited by the province's ministry governing charity casinos, suggestions and submissions were provided at great expense and a relationship was established between the supplier and the province.

Tempted by changes in terms and conditions, many gaming entrepreneurs began taking higher risks and investing in a gaming future, without any direction from the province, until finally in February 1993, conditional licensing was granted and new terms and conditions were employed.

The efforts of many gaming suppliers were not specifically geared to limited-stakes charity gaming alone but rather casino gaming in whatever form was adopted by the province.

Today, it appears that the province has lost touch with its suppliers. A casino project was initiated and a line appears to exist between government efforts and the efforts of the suppliers.

Our presence today is motivated by the need to make public the concerns of this supplier, and it is hoped that any criticism of the ministry that governs us or the efforts of the casino project be taken in the proper light and not misconstrued as adversarial.

Perhaps at the end of this exercise, UNI and its principals might emerge with a clearer perspective of the direction that our provincial partners are taking and where we might fit into the Ontario gaming agenda. What is certain is the fact that our future is questionable and our efforts might go unnoticed and unappreciated. What we intend to avoid is a scenario where the province is moving in one direction and pushing us in another.

We've provided a description of our company today and I'll walk you through it. We operate a division called Casino Classic Training Centre. We train gaming assistants for Ontario's casino industry, both limited stakes and hopefully in the future government casinos. Over and above the training of skills, we try to pass on the proper posturing and employ some instructions in the maintenance of integrity.

We also run a production company where we supply equipment to charities, and we also run and offer management to the charity casino industry.

We have undertaken recently to start UNI Casino Security. We want to supply trained security personnel for limited-stakes gaming and government-operated casinos.



Finally, the school is endeavouring to develop training for video lottery terminal markets, including security, repair and maintenance.

If we were to be successful in preparing individuals to fill all the above requirements, we will have achieved our goal: That is to be the supplier to both the limited-stakes charity gaming industry and the provincial government-run casinos. The benefits would be reflected by a high provincial or at least Canadian content, and we have hopes of discouraging any reliance on foreign suppliers.

The problem, as we see it, is that the government and the local entrepreneurs are moving at different speeds and perhaps in different directions.

Recent news suggest that the government casinos are likely to appear in more jurisdictions than just Windsor. As the casino project picks up steam, local suppliers scramble to keep pace with what is beginning to resemble a runaway train. Rather than encouraging limited-stakes charity gaming entrepreneurs, recent changes in terms and conditions seem to be geared to restricting our growth and thus reducing our profitability. In fact, a feeling of being regulated out of business exists.

Today, gaming suppliers pay hefty licensing fees to participate in the growth of this new industry. If it is the ministry's intention to restrict and discourage our growth, why impose licensing fees at all? Why continue what might be construed as a breach in fiduciary obligation, rather than make clear the fact that a place does not exist for Ontario entrepreneurs in the gaming industry? It has been said that the skills and knowledge to run full-scale casinos do not exist in Ontario. This fact is changing rapidly.

In the running of the Casino Classic Training Centre, in excess of 300 individuals have received new skills or skill upgrading at our facility. Approximately 15 individuals have been exported to other jurisdictions, including Alberta, Quebec and America, where gaming skills of a higher calibre are required. However, very little credit has been given in response to our efforts in spite of the fact that generally our product has passed the test of more demanding markets. Only recently has the ministry begun to issue licences to gaming assistants.

What concerns us is the following: First, any individual who is able to fill out an application form is accepted, anybody who can facilitate the \$50 fee is accepted and anybody who passes a background check is accepted. It has not been incumbent on any applicant to prove that he has either the skills or the experience to practise in the field. Doctors, lawyers—the list goes on for ever—are all required to give proof of their training and their abilities. Why not gaming assistants? Surely, a more diligent approach to licensing can be conjured up by the regulatory bodies.

Secondly, the same slim criteria have been used in issuing licences, albeit conditional, to suppliers. As a result, the number of licensed gaming suppliers has grown dramatically since February 1993. What concerns us at UNI is that anybody who can write a cheque and pass the test of history can get a licence. Greater financial requirements are necessary to avoid potential embarrassment to our provincial partners, the industry and, in this case, the charitable community.

Looking at the terms and conditions, we understand the motives of the ministry. Maintaining a high level of integrity is essential. For this reason, we humbly have paid our licensing fees to the ministry in exchange for an opportunity to practise and employ the skills at the level that we have achieved strictly on our own efforts and ingenuity. Given a reasonable length of time, local entrepreneurs will display the ability to perform at levels that should encourage our government to rely on us rather than foreign operators.

In a perfect world, the runaway train would be encouraged to slow down long enough to give grassroots entrepreneurs enough time to show that Ontarians are capable, that integrity does exist here at home and that the government is able to embrace us in our efforts. If this were to happen, ladies and gentlemen, the maximum economic benefits would trickle down naturally to the greater number of our constituents.

As operators and suppliers to the limited-stakes charity gaming events, we wonder sometimes whether the ever-changing terms and conditions are being dictated with the goal of keeping us in business or putting us out of business. Certainly, restrictions on the kind of locations, the frequency of venues, the size of venues and the promotion of venues represent the minimum requirements that we must have to survive at all. The trend of government seems to be one of making business more difficult rather than being accommodating.

Earlier, we referred to the province and the ministry that governs us as our partners in the gaming industry. I find it disheartening to suggest that on one hand we have been encouraged to participate by our partners and on the other hand measures are being taken to reduce the chances of our success. In business, this would be construed as an unfair advantage taken by the stronger partner, and in reality a breach of fiduciary obligation does exist.

In general, we have at least progressed to the point where the costs of administration, ie, licensing fees, have been accepted by the industry. In fact, we're quickly becoming self-funded, and the analogy that we participate in an industry where the tail wags the dog is real. It has to change. Terms and conditions that are for ever changing, and more often than not changing to the detriment of the private participants must be avoided if Ontario intends to maximize the benefits of gaming and

achieve self-reliance. Today, there are many benefits that stem from the efforts of the ministry, the supplier and the charity. We have provided a simple chart that breaks down the allotment of funds generated regularly at limited-stakes charity venues: Location and rental ranges between \$2,000 and \$6,000 for a three-day period; equipment rental between \$1,000 and \$2,000; advertising between \$3,000 and \$10,000; labour between \$15,000 and \$25,000.

The benefits are obvious.

**Real estate:** The cost of the space has allowed some people who have marginal businesses to stay in business as they rely on our business to keep them going.

**Equipment suppliers** enjoy a better yield on their investment of expensive equipment that's necessary.

The large number of dollars that are necessary to promote charity venues have added a new source of revenue for advertisers, whether they be newspaper or radio, during a period of weakness in our economy.

There are licensing fees, of course, and the taxes where applicable.

Perhaps the most important of all benefits comes from the employment. It should be noted that unemployment numbers in this province have shown almost no improvement at all in recent months. In fact, the only bright light that has appeared recently is reflected in improved employment numbers in regard to part-time employment. We're sure that these figures could further be enhanced by the addition of the part-time employment that has been created by the licensed gaming suppliers in Ontario. Students, individuals with skills that are no longer in demand and individuals whose only skills have been the skills taught to them by gaming suppliers have become more reliant on the opportunities created by gaming suppliers and less reliant on welfare and UI for their survival.

Recent news suggest that government casinos are likely to appear in more jurisdictions than Windsor. Our greatest concerns surround the government's future plans. Our fear is that government casinos will decimate and destroy viable limited-stakes gaming efforts as they spread through the province. More importantly, there has been no sign that the government's plans have included licensed suppliers, and it's been approximately a year since it was confirmed that the opportunity would be made available to suppliers to enjoy better terms and conditions.

The efforts that have been made by these reformed or recent entrepreneurs have been ignored. The province's attitude that what we are trying to do and what it is trying to do are completely different became apparent during the second running of the CNE casino. The complaints were addressed with a response, and I quote one departed ministry official as saying, "That is that and this is this." The same individual had qualified

anybody with interest in gaming as an upstart.

Today, the unequal playing field continues to exist, except now our competition has grown past the CNE and includes the provincial government itself and perhaps the Indians.

**1610**

If the government were to allow casinos to spread throughout the province, what is now a fragile, growing industry would suffer irreparable damage. All the skills and efforts that have been expended might continue to be ignored by virtue of the fact that the province has not adopted a policy of encouraging the maturing of limited-stakes gaming entrepreneurs. The pool of talent that exists and the pool that is being created might not get an opportunity to benefit from the government's plans.

I open the floor to any questions you might have.

**The Chair:** We have about six minutes per caucus. We're going to start with Mr Lessard.

**Mr Lessard:** Thank you for your presentation to the committee. I'm just trying to put this in the context of Bill 8, the bill we're referring to, to permit one casino at this point in the city of Windsor. I wonder whether you're familiar with that bill and have any recommendations that deal specifically with it. I know that in part of that bill we're dealing with amendments to the Gaming Services Act which really affect the area of business you're related to. I wonder whether there are some additional changes with that legislation that you are interested in seeing.

Your business is in the area of training, and you want to make sure that we have people available in Ontario to fill the jobs that do become available in the casino once it's set up in Windsor. Another question I have is whether you're aware of the work that's being done in Windsor by St Clair College to train people. That training is actually going on right now, and also the training is going on with respect to the maintenance and repair of slot machines. So there are some efforts that are going on right now, and I'm trying to understand what your criticisms are in that area.

**Mr Monardo:** Let me respond to those items. In fact, you've touched on points that make us very, very sensitive. We started training people long before terms and conditions were implemented. One of our concerns in viewing what occurred at the CNE was that the calibre of talent that was employed at the first CNE effort was deficient, so we focused on the need for the next event and possibly the need that might arise if terms and conditions were imposed.

Training is one of our businesses. What we're trying to do is provide individuals who will fit into the scheme of things. We're trying to touch on all areas that will be necessary to run a casino. In regard to St Clair College, yes, we're aware that the college is out there, we're



aware that it gets the credit for training people, we're aware that Windsor will depend on St Clair to supply its people, but we question whether St Clair College offers a course that is as good as ours and we wonder why we haven't been encouraged and why assistance from government hasn't been offered to allow us to continue to train people as well. If we are able to supply Carnival Cruise Lines, sight unseen, with capable individuals to work in an established market, why don't we get encouragement right here at home?

**Mr Keith M. Koskie:** I'd also like to comment on that, because I've gone to the ministry and requested that it either recognize and regulate or register casino schools, because there are a lot of fly-by-nighters coming in and they're doing discredit to the industry. Their comment to me was that eventually the fly-by-nighters will go away. In the meantime, they're damning the reputation of credible schools. I'm not saying that we have the only credible school; there are other credible schools, but there is no regulation governing what are proper standards or guidelines for teaching.

What concerns me is that they're recognizing St Clair College. I see the motivation for giving a college the training because it creates more curriculum, it creates a reason to give the colleges funding, but St Clair College, other than the fact that it's been given the mandate to supply dealers to the Windsor casino, doesn't provide jobs for these people. We do. If anybody's more qualified to decide whether a dealer should be employed in Ontario, it's us, because we're the people who are actually doing it.

**Mr Lessard:** It's clear from my knowledge of St Clair that it won't be able to satisfy that entire market and that there will have to be people who will be trained by other persons. There needs to be not only training facilities but also some standardization and accreditation as well, and that's part of the role that St Clair college is playing. They're trying to come up with some ability to measure the capability of people after they've done training, either in Canada or those who have come from the United States as well. You'd agree that's an important function as well.

**Mr Koskie:** That's definitely an important function. We actually developed training manuals for all the games and we've presented to the casino project in the hope that we would get some sort of recognition of the efforts we're doing, and have so far received nothing. In fact, after we made our presentation of our manuals to the casino project, all of a sudden they recognized Windsor. Well, why can't I, as a private operator, be recognized? Why does it have to be a government body that decides what's good for the casino marketplace, the argument again being that we're the people who are employing them?

**The Chair:** Mr Kwinter.

**Mr Kwinter:** I'd like to follow up on this dis-

cussion. Take a look at the request for proposal. It states that the ministry has signed a formal agreement with St Clair College in Windsor respecting staff training for casino operations. It goes on to say that there's also a relationship in training programs, in setting this all up, and also the whole issue of licensing.

When we were in Windsor we had representations from St Clair College and the people who are running this program. According to them, they have gone out and looked at the various institutions in the United States that are recognized as providing the kind of training for the people the major casinos are hiring.

I understand your concern. You're operating now in these charity casinos and you feel that you should be able to have access to these major casinos that the government is planning. I think that's an issue that's going to have to be addressed.

Certainly the impression I got from St Clair College is that it felt, given the effort it's put into its program, that it would like to be in a position that no matter how many other casinos are opening up and no matter what other programs are introduced to maybe other community colleges or other educational institutions, including yourselves, that it have some role in making sure there was uniformity throughout Ontario, to make sure that whatever standards were established were uniform standards and that the employer would be in a position to know that if they got someone who had been accredited by one of these institutions, they knew what they were getting in the way of a level of competence that had been attested to by the institution. I'd be interested in hearing why you feel that's a problem.

**Mr Monardo:** We don't feel that's a problem. We feel that's good, and if, as and when the standards become readily available to us to scrutinize, then we can gear our courses to meet those standards, if they are higher than ours. In the interim, what we've undertaken to do is to set standards of our own.

Last year, the criteria for having somebody deal at the CNE was that they were honest and that they knew the rules. For the most part, those are the two easiest things to facilitate through a school, but having a proficient dealer on the table involves much, much more. You can give them the skills; then they need an opportunity to practise their skills so they can raise themselves in their deliberate efforts, efforts that can be scrutinized by people, to a level where you can separate the good from the bad, the more proficient from the less proficient.

What we've done at our school is to go beyond what the ministry has required. At every step of the way, we find that the calibre of dealer we turn out is generally better than what is being turned out on the street. We in fact invite other people to work for us in our charity venues, but if they don't meet our standards we ask them to retrain again. We've done everything we

possibly can, without any guidance, without a history in this province at all, to meet levels that we perceive to be acceptable.

**Mr Koskie:** We've also sought the external experience, in the sense that a lot of our key instructors were all trained in other jurisdictions; we've gone out and sought the professionals to do this training. So we feel we have a very high-calibre product, probably a lot higher than St Clair College.

**Mr Kwinter:** Just to expand on it, what you're saying is exactly what the successful operator will be saying. All of the proponents, to my knowledge—there may be the odd one that isn't, but I think all of the proponents—are experienced casino operators. I may be wrong in that, but let's say that whoever gets it is an experienced casino operator or will be affiliated with an experienced casino operator. They will have exactly the same outlook: that all they want from St Clair College or any other institution is that there be a minimal standard of competence, that these people have had training to get them to a certain level.

1620

That does not guarantee them that they will have a job, and the people at St Clair College made a great point about saying, "We're not going to guarantee that all these people are going to get a job." The particular casino operator will have determined what they require of their employees and the way they want them to operate and they will then provide the additional onsite training, in a training program that I'm sure will predate the opening of the casino, as to the methods and the operations that they, as that particular casino operator, want to have.

You may say, "Well, mine is better than theirs," and they may say, "Well, ours is better than yours." That is going to be a decision that the operator is going to have to make.

The obligation of St Clair College and others like it is to make sure that there is a pool of employees available to that operator who meet a minimum prescribed standard. Once that happens, as with any other job, if you're an apprentice it doesn't guarantee that you're going to be the best guy in the plant; you've then got to go and get the onsite training, and some are good and some are bad and they shift them around. That's exactly what will happen in that industry.

**Mr Monardo:** Our concern, Mr Kwinter, comes from the way things have unfolded in the province. We look at the gaming industry as a new one. It's exciting and it attracts attention. When you look at our billing alone for a three-day venue and you consider the fact that we create \$20,000 to \$25,000 in work for people with specific skills or new skills, the benefits are there.

What I'd like to suggest is that the train is moving too quickly. When you start looking at an industry

where you have no in-house skills in Ontario and you're forced to look outside of the province to get those skills, I might suggest that if on the one hand you have limited-stakes gaming administered by the MCCR and on the other hand you have a government facility that is being planned, that perhaps the government facility be slowed down long enough for Ontarians to meet the criteria.

Nobody would suggest that you have to go out of the country to get somebody to run a casino for you. I mean, it's not brain surgery we're performing. For the most part, casinos have been in existence for a long, long time. The proper research, the specific adjustments to meet our constituents' needs could all be made. If we slowed the process down long enough to let the suppliers in this province get more experience, deal with the changes that would have to be implemented to run an efficient facility, we would in fact not have to depend on somebody else's set of standards from abroad but our own set of standards here.

Nobody said when we entered into this project that the standards being set by Vegas were the standards we had to employ. As a matter of fact, when you look at gaming, there's no reason to believe we can't create specific games to suit our jurisdiction alone. So why move quickly to push this stuff through and in a manner where you've got a casino project rushing this way and you've got MCCR administering us in a different direction and we're just not moving together? The benefits aren't there and there's no cohesiveness in the effort.

What we are is governed by the same province, perhaps the same ministry, and the standards we're working under are completely different, the directions are completely different and the benefits that could be made available to government just aren't being expropriated from our side of the industry.

I would argue that the limited-stakes gaming community has done a pretty good job in teaching itself how to operate, has done a pretty good job in trying to set up little businesses that run effectively and equitably, and with any help at all could be profitable and could rise up to fill the gaps that are necessary in Windsor and later in Toronto and all the jurisdictions that have been recently mentioned in the newspapers.

What I'm suggesting is that there really isn't a lot of benefit if we start importing talent. If we start developing our own talent, then perhaps the full economic benefits would come our way in Ontario.

When I look at gaming in particular and I look at the way it has varied from province to province, I might suggest that Ontarians might get a little offended if in fact we didn't have an identity of our own. Why is it that we have to adopt everybody else's standards? We're unique in Ontario; we have specific needs; there are specific goals that we're trying to address. Slow the



game down. Take an extra year to get there. Offer it exclusively to Ontarians and see if companies in this province can't rise up to meet the demands.

What I see is the situation today, where the people who are employed by us are out there in the training ground, and we've already lost people to Quebec who in fact are being trained specifically for the Quebec casino. We've offered people to cruise lines in the United States who in fact are being trained there specifically for what goes on on their cruise lines. There's absolutely no reason why the training ground can't stay within our jurisdiction and later we can't be invited to participate, but to ask us in one breath to rise to the occasion in such a short period of time is certainly unfair and not necessarily to the benefit of this province at all.

**Mr Koskie:** I'd like to make one other comment about St Clair College. Because it is a college it can have student loans and student funding for its students. Being a private operator, I don't benefit from any of that opportunity. There are a lot of situations, like Jobs Ontario as an example, that had approached me and said, "Would you consider taking people off welfare and training them to give courses?" I said: "Yes, but I can't guarantee them jobs. They still have to pass the course. If they can't count to 21 and multiply by one and a half and know all the rules, then I can't guarantee them employment, but I am quite willing to train them, but it has to suit my schedule." In other words, if I'm forced to carry them in a scenario with my class, obviously my paying customers are going to go first, because I have costs associated to training.

When I operated training last year I lost in the neighbourhood of \$15,000 to \$20,000. It was a loss-leader. We did it intentionally to develop the talent. We never expected to make money. This year we're operating maybe at a marginal profit, if that, because we know it's a loss-leader. The opportunity of training does not afford us income; what it does is create talent so that we're more effective at doing our job, which is charity gaming.

I think our biggest concern in regard to that is that the government, by recognizing St Clair College versus what we're doing, the college has an unfair advantage. So we should be entitled to the same opportunities even though we're private. We're not a government body but we're doing just as good a job, if not a more credible job.

**Mr Eves:** What impact do you think government-owned casinos in the province will have on the charitable casino industry in the province of Ontario?

**Mr Monardo:** I think they'll just blow us right up. I don't think we'll be around at all.

We've gone through changes in terms and conditions. One of the most significant changes is restrictions on

promotion. We're no longer allowed to advertise using the word "casino" alone. What we must do today is advertise ourselves as Monte Carlos and/or charity casinos.

The intention is clear. We offer only one game, that's blackjack, whether it be charity- or Vegas-type rules, and we offer rapid blackjack and a wheel of fortune. There's only been one operator in this province that's been able to employ any other games over and above that and it's the same operator that runs the CNE casino year in, year out. I would argue that that is no longer a test but more of a reality in a recurring venue.

The fact that we have talented people who have the skills to run roulette, baccarat and other games and we're not able to employ them or to use those tools to enhance the viability and the profitability of charity events would suggest that we're being forced into a position where growth is not possible and that we're dealing with a scenario where the deck is stacked heavily against us as a group in terms of meeting any of the requirements that government might have to fulfil the needs of Windsor, Toronto or any other casino that was to come.

**1630**

I would suggest that somewhere in the near future, a sign of good faith would be to allow us to employ roulette where we have skilled individuals or to allow us to employ baccarat as a second game, or that we create games that fit the gaming mould that are exclusive to our own province and teach those, as in fact I believe rapid blackjack was developed.

So our problem really becomes that we've paid fees, we've gone forward, we've tried to fit into this industry and now we're governed in a manner where existing is very, very difficult. The three-day venue is a hell of a lot of work; it's expensive; there's no continuity. The advertising practices that we have to employ are so restricting that they go beyond what would normally be imposed on any other business, and I want to get to that specifically.

There's a need for us to display the name of the charity, the location, the dates, the permit numbers—they're all disclosure items, no more important than the disclosure items included in a prospectus for a public offering, and if you were to achieve full, true and clear disclosure, then in fact the advertisements wouldn't be misleading at all and there would be no problem. But being restricted to a licence that is granted a day and a half and two days before your venue and not being able to promote in a method that would encourage larger attendance and would encourage you to meet more of the constituents really are hampering our business.

We spend \$4,000 to \$6,000 in promotion, and we've been restricted now to the Sun, a very, very expensive place to advertise and without a specific section, and then we only get to advertise for a very, very short

period of time. These restrictions are being imposed on us deliberately. Why not be able to advertise an event for two weeks in advance or three weeks in advance?

Why are we forced to have a very, very small window and thus be forced to expend dollars that may not be necessary to ensure the crowds that we have? Why is it that we have a policy where Windsor has an approved casino project going forward and now the rest of the province looks like it's going forward as well, but we have no bylaws or no suggestion in the bylaws that would at least permit us to meet the criteria that have been set down by MCCR? I'm suggesting three days a month at the same location being the maximum permitted.

I could go out tomorrow and rent a place, make the capital improvements that are necessary to create a real, live casino-type atmosphere. They would be one-time charges. I could operate within the guidelines that MCCR gives me, which is 36 days a year, and perhaps offer a charity a location that is more facilitating at a lesser cost. But we don't have bylaws to allow that. As a matter of fact, nobody's had the ability to grapple with whether or not three days per calendar month would be considered regular or occasional, and because we haven't dealt with all those things, the industry that exists here that might supplement the government up here is warped. We have very little room to move. As a matter of fact, our concern is staying alive more often than getting better.

**Mr Koskie:** My comment about whether we will survive when Windsor comes to Toronto, because

primarily we do business outside of Toronto, but Toronto is our main focus: It's the biggest marketplace where everybody wants to be, and I would say that a consensus among all the operators is, when Windsor comes to Toronto, we're dead; it's over.

**The Chair:** Mr Koskie and Mr Monardo, thank you very much for presenting before the committee today.

**Mr Monardo:** Thank you. If I could impose on you for one second: This province has shown the ability to close an eye in different circumstances. I look at the horsemen who complain the casinos are going to put them out of business and I look at a group of individuals who in fact have had the benefit of employing lotteries at the terminals or at the wickets for a number of years and not succeeded in taking advantage of building pools or getting revenues that could keep the industry viable.

In spite of the fact that violations of the lottery act have existed in the horse racing industry and have gone ignored until recently, might I not suggest that in this very, very stringent approach to gaming, even if the charity industry be eliminated, more room for growth and experimentation be allowed?

**The Chair:** Thank you very much.

Just a note to committee members to remind you that placed before you today was the itinerary for August 30 when we'll be travelling again around the province. I just wanted you to note that.

If there isn't any further business, this committee is adjourned until 10 am tomorrow morning.

The committee adjourned at 1636.





*Continued from overleaf*

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Mercredi 25 août 1993

**Standing committee on  
finance and economic affairs**

**Comité permanent des finances  
et des affaires économiques**

Ontario Casino Corporation Act, 1993

Loi de 1993 sur la Société  
des casinos de l'Ontario

Chair: Paul R. Johnson  
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# LEGISLATIVE ASSEMBLY OF ONTARIO

F-421

## STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Wednesday 25 August 1993

The committee met at 1007 in the Huron Room, Macdonald Block, Toronto.

### ONTARIO CASINO CORPORATION ACT, 1993

#### LOI DE 1993 SUR LA SOCIÉTÉ DES CASINOS DE L'ONTARIO

Consideration of Bill 8, An Act to provide for the control of casinos through the establishment of the Ontario Casino Corporation and to provide for certain other matters related to casinos / Loi prévoyant la réglementation des casinos par la création de la Société des casinos de l'Ontario et traitant de certaines autres questions relatives aux casinos.

#### COUNCIL OF CHRISTIAN REFORMED CHURCHES IN CANADA

**The Chair (Mr Paul Johnson):** Welcome, everyone. Our first presenter today is the Council of Christian Reformed Churches in Canada, Arie VanEek and Reinder Klein, research and communications associate. You have 30 minutes to make your presentation, a portion of which you may choose to leave for questions from the committee members.

**Rev Arie VanEek:** Mr Chairman and members of the panel, the Council of Christian Reformed Churches in Canada represents some 150 churches in the province of Ontario, and we thank you for granting us, albeit on fairly brief notice, an opportunity for publicly expressing our views on the controversial matter of casinos. Our brief is being presented, as was just indicated by the Chairman, by yours truly and Mr Reinder Klein, our council's research and communications associate.

The council, referred to hereafter as the CCRCC, wishes to go on record as being strongly opposed to the passage of Bill 8. We understand it would facilitate the granting of licences for the establishment of gambling casinos in the province and for operating the same. We oppose the passage of this bill because we consider the proposed legislation it contains to be morally unconscionable, ethically reprehensible, philosophically indefensible and economically irresponsible. If any of you smoke a pipe, put it there.

The CCRCC develops its views regarding major issues of public concern on the basis of its study and understanding of the Christian scriptures. In other words, our starting point is the great, good news that the huge moral deficit of humanity has been erased, that people have been set free from the bondage of guilt and evil. Concretely, this means that women and men no longer need to measure a person's worth in terms of goods, bank accounts, success, prestige or popularity. It means that there are views and values, indeed realities,

greater than those narrow and confining ones on which so many people, governments included, are basing their strategies, hopes and trusts.

We make this clear assertion of bias at the outset because we believe that no position on this or any other issue can possibly be neutral in terms of values, and the issue of public, government-supported gambling we believe to be so replete with negative values, so pregnant with promises of future pain and misery for many people that as a national council of Canada's Christian Reformed community, we would be remiss if we did not express our strong views on the matter, particularly when the opportunity to do so has been given to us by your committee.

**Mr Reinder Klein:** We believe that passage of Bill 8 is unconscionable, morally. The appeal of gambling, which we define as "that kind of activity in which money or things of monetary value are distributed through artificially created chance," lies primarily in the remote possibility of great monetary gain against a minuscule investment of time, energy, creativity, compassion, social consciousness and of course money itself. It is the appeal of gaining much for little, of becoming rich in a flash, of having all problems resolved with the receipt of a cheque. It is the appeal of longed-for happiness by luck and lots of dough, of gaining esteem and stature through the sudden abundance of unmerited possessions. It is the empty appeal of salvation by material prosperity, a false appeal rooted in the warped values of a society that places its confidence no longer in God or princes, nor even in politicians, but in money and money alone.

Gambling, be it by way of lottery or casino, we consider to be an increasing blight in society, a celebration of a way of life that ultimately leads to death, morally and spiritually. This growing preoccupation with gambling we see as symptomatic of the sterile materialism that fuels the rapacious consumerism of our day. For a government blatantly to exploit the common delusion of the quick fix, to base major fiscal policies on a distortion of the truth and to give in to the special-interest groups' selfish demands for a further broadening of the unproductive gambling industry is, in our view, a cynical miscarriage of public justice. For that reason, we hold that to introduce, support and pass legislation allowing the establishment of casinos in Ontario is morally unconscionable and therefore unacceptable.

**Rev Mr VanEek:** A further consideration is that government support of casino gambling is reprehensible from an ethical perspective. By proposing to grant legislative approval for the licensing of gambling



casinos, the government is in effect supporting such ventures and the mindset or world view upon which they are based. In practical terms, this means that the government, mandated to rule for the people's good, instead embraces, encourages and reinforces a bleak mindset that leads from emptiness to yet greater emptiness, all ostensibly to gain the necessary revenues to reduce a crushing deficit which is itself a product of the government's own fiscal mismanagement and past profligate spending habits.

Nor is the deficit the only purported beneficiary of the government's new pot of gold. We understand that noble purposes will also be served. The arts will get a cut, sports programs probably too. Other worthy programs will no doubt be trotted out as likely beneficiaries, and it would be no surprise to us at all if, in time, governments will give in to the temptation of funding key and costly social programs with the lucrative winnings of the gambling industry.

But once decisions and policies of this nature are put into place, governments themselves will have become inextricably tied to the proceeds of gambling, causing this and future administrations to become hopelessly dependent upon the people's willingness to throw away good money. Governments then have no choice but to promote gambling, and to do that with increasing vigour, to urge people more and more to spend their moneys on lotteries and in casinos, to lead the people, in other words, further and further into harmful patterns of destructive behaviour.

Carried to its logical conclusion, this approach leads to the very real and frightening prospect of governments using the proceeds of gambling to fund social programs aimed at repairing the damage done by gambling. It could readily lead to governments themselves becoming addicted to gambling, that is, dependent on their cut of its huge profits. Such governments would then, in effect, be addicted to the addiction of a society for whom the big win, the quick fix, is the only perceived way out of gnawing discontent and misery. A government to so bind itself, its policies and its programs to the financial losses that the people must sustain in order for the gambling industry to win big, as it invariably does, rigged as it is, the CCRCC considers ethically reprehensible.

**Mr Klein:** Philosophically, we believe that government support for casinos is also indefensible. The CCRCC is of the opinion that the state has no other business in business than to establish such regulations as may be necessary for the public good. For a state or province to be involved in the business of gambling we consider a serious departure from a government's proper role.

More seriously, the government of Ontario's rationale for being in the lottery business and for supporting gambling casinos is clear evidence that it believes the

end to justify the means. We need not recite the various public statements made in the past by members of the present administration about the evils of gambling, yet today, squeezed by a persistent economic recession and burdened by a crushing deficit, the government appears ready to gain new revenues at almost any price. The ubiquitous lotteries have proven themselves a lucrative source of income. The government now wants to skim, and "rake" is perhaps a more appropriate term, its cut from the top of the casino industry's huge profit margin.

To be sure, benefits of all kinds are mentioned as indications of gambling's great benefits to the people. There is the promise of thousands of jobs, an attractive prospect to mention in a time of high unemployment, and the anticipated boon to the economy, that demanding and unforgiving taskmaster of Western societies, is regularly trooped out to convince hard-pressed voters that casinos will usher in an exciting new era of great prosperity.

Yet the end does not justify the means, and no amount of gambling money made available to noble causes will remove the cancerous roots and contagious nature of gambling generally and of casino gambling in particular. Machiavellian inclinations indicate a commitment to cynical political theory. They signal a measure of despair and a mindset bereft of principles. For a government to so conduct the affairs of state, the CCRCC considers to be philosophically indefensible and wholly unacceptable.

We also believe that support for casino gambling is irresponsible economically. It would of course be silly to deny that casinos generate impressive returns on investment. Equally pointless would be to deny their beneficial spinoffs to related industries, and they certainly do create jobs. But big-time crime is also profitable, as is drug trafficking and sex tourism, yet none of Canada's governments condone or support those lucrative industries. Clearly, not all financially advantageous activities are also socially affordable. There is a point at which the real cost of human misery and moral degradation becomes unacceptable. That's the point at which the pursuit of such financial activity makes little sense and becomes, therefore, economically irresponsible.

Such is the case, in our view, with casino gambling. It unquestionably will lead to new or greater misery for many hapless people who either become addicts or who, in a short span of time, manage to squander fortunes and devastate personal relationships through monetary losses they can neither recover nor afford. The subsequent havoc this causes in individual persons, in their families, their place of work and their broader communities is enormous.

One of the great imponderables in the complex issue of gambling is the ultimate damage it does to a people, to a society, to a culture. Not only air, water and land

are subject to fatal levels of pollution; minds and spirits are too. Those who dream only of financial gain or who salivate at the prospect of great and easy affluence usually have little time for those who caution restraint, and to those whose fears of dire results compels them to voice objections, the prophets of profit generally pay little or no attention.

Yet history is filled with examples of governments, organizations and individuals implementing sure-fire money-making schemes and programs without giving much thought to the eventual and often predictable fallout. Blinded by visions of dollar-spewing dupes who will buy, buy, buy, they plot and build and spend and legislate, only to have others, usually later, pay dearly for their shortsightedness. The present provincial deficit is a case in point; Drapeau's folly in Montreal, derisively known today as the Big Owe, is another.

1020

It is our contention that the ultimate price the people of Ontario, indeed of Canada, will have to pay for the blindness of those who now preach salvation through casino gambling will far outweigh its benefits. Gambling produces nothing of value. It neither creates, adds or enriches. Quite the opposite is true: It lures, deceives, intoxicates and ultimately destroys. It is a deadend activity based on the lie, the cruel hoax, that the one big win which may be so close, so close, will remove all anxiety and restore the soul.

The council fears that when a government resorts to economic measures intended by any other name to fleece the people, it undermines its own authority, debases its programs, demeans government and politics itself and shows contempt for the people it is called to govern. Sound economics, in our view, includes a careful and compassionate husbanding of the available human resources. Casinos do the very opposite. For that reason, we feel that the measures called for in Bill 8 are economically irresponsible.

**Rev Mr VanEek:** We recognize that we've expressed ourselves in uncompromising terms. That's because we believe that people must not live by what our culture calls bread alone but by every word spoken by the Lord of life, and that Lord has granted authority to governments in order for them to rule for the people's good, not to lead them astray. We also hold that, contrary to current beliefs, reducing deficits, maximizing wealth and raising standards of living, so-called, are not the principal responsibility of government. While these may be considerations of some legitimacy in certain circumstances, we believe that justice and justice alone is the basic and proper concern of government.

We feel strongly that it's the irrevocable obligation of governments, then, to rule with justice for all, with prejudice towards none and with charity towards the weak and the powerless. The role of government is

essentially a protective one, a caring, a helping one. Governments ought therefore never to encourage or participate in activities that lead to addictive or injurious lifestyles. Instead, governments should promote societal structures and patterns that recognize the worth of individuals, that strengthen families and that enhance community. Since gambling undermines all of those, we consider it immoral for governments to support casinos, reprehensible to depend on their revenues, unconscionable to be involved in them and irresponsible to promote them.

Governments should restrain evil, not encourage it. They should restrict gambling, not participate in it. Governments should have the courage to be the leaders for the people's good, not lead them astray. They should be honest in dealing with people and not deceptive. Finally, our governments should themselves practise good and responsible stewardship, thus setting an example citizens would want to emulate.

All of which is respectfully submitted by the council and the people it represents.

I might, Mr Chairman, with your indulgence, indicate that we've been advocating against gambling for a lot longer time. We appeared in the office of the Honourable Jean Chrétien, then the Minister of Justice, in the hopes of convincing the minister and the federal government against decriminalization of all forms of gambling in the day when only the Irish sweepstakes were the kind of thing people played with, anonymously, as you remember, from the notices of winnings in the paper. At that time the honourable gentleman warned us that we had lost that round but that we should go all out against "cass-inos," and when we figured out what "cass-inos" were, we knew we had to be honourable and truthful to the then Minister of Justice and the party loyally in opposition.

We've also appeared before two successive treasurers of the province of Ontario, one of whom made it very clear that although we needed the discretionary revenue as a province, it would never be put into the budget. You know the subsequent history of where the revenues have gone: They are now solidly within the budget of the province. He also made clear that he would not want his sons to become involved in any lottery activity.

The point being made is very simple to us all. We don't want personally to be involved, and what hurts this character before you this morning is the awareness that most of us can safely stay away from any such temptation as will be exploited the government, if Bill 8 goes through, for a great number of people who are at a dead end.

Repeatedly, furthermore, the committee for contact with the government, whose research and communications associate Mr Klein is, has written a number of letters to the Premier about this particular issue before us today and prior issues dealing with the same broader



issue of government dependency on this kind of illicit income.

**Mr Monte Kwinter (Wilson Heights):** Gentlemen, I'm not going to comment on the moral, ethical or philosophical points you put out because I think they were very well done and you are in a far better position to look after that area of the general society than I am, but I would like to talk about the economic irresponsibility and some of the points that you make.

Some of the proponents of casino gambling have made it a religion and there's almost a Messianic fervour when they talk about it, that it's mainstream and it's going to do all these wonderful things.

But the basic economics, other than the short hit, which is really—you hit the nail on the head that the basis behind gambling has infected the government and that it is looking at this big hit that is going to solve a lot of its problems, which is exactly what the average gambler is looking to do. He feels that, "If I can just hit that right number or pull that right sequence on the machines, all of my problems are going to be resolved."

But let's take a look at the economics of it, the broad economics, which is an area I pride myself in having some knowledge of.

By the government's own admission, it is saying that it is going to take 20% of the net profit of the casino and that that figure is going to be somewhere between \$110 million and \$140 million. The exact figure hasn't been determined, but that is their estimate. That is what they expect to earn out of the casino in Windsor.

**Mr Klein:** Per year.

**Mr Kwinter:** Per year. Now, by simple mathematics, that means that the net profit is going to be somewhere in the neighbourhood of a half a billion dollars. That is a half a billion dollars that is going to be extracted out of our economy and is going to go somewhere. Some of it, they may argue, is going to get reinvested in all sorts of things, but some of it may disappear. It may disappear because the proponents may be offshore owners. They may be whatever they are. But there is a half a billion dollars that is going to be extracted out of the economy, and the same rationale that the government has used for reducing the deficit because too much of the servicing of that debt is going offshore and we are not getting the benefits is going to pertain to this particular casino.

And that's only one. If you take a look at the articles, and I was referred yesterday to an article in International Gaming and Wagering Business, Windsor is just putting the camel's nose into the tent and what these people are really looking for is Metro Toronto and the area where they can really make the bucks. I've maintained all along that this is not a one-casino proposal. They're already talking at least six, and if you multiply that figure—

**The Chair:** Mr Kwinter, I just want to let you know that your time has run out, so if you could be very brief.

**Mr Kwinter:** You can just answer yes or no.

When that is finished, they are talking potentially of extracting \$3 billion to \$5 billion out of the economy of Ontario, with no value added and no benefit. Do you feel that's a reasonable statement?

**Mr Klein:** You present it so well, sir, I could hardly disagree with it.

**Mr Noel Duignan (Halton North):** That comes from a Liberal.

**Mr Klein:** I think many of the arguments, the so-called economic arguments, that have been presented are self-serving and simply misleading, and I certainly take your point that there is very much to be lost in these enormous profits that indeed will go somewhere and much of it will leave Canada.

**Mr Gary Carr (Oakville South):** Thank you very much for your presentation. I appreciate that you've given us some of the religious reasons, and you were very clear about that. I wondered, though, in terms of the differences between some of the churches, of course the Catholic church—and I'm not Catholic—is not as opposed to gambling. Why the difference in terms of religious differences between the churches? Why does the Catholic church, for example, not see a problem with gambling and of course the bingos and so on? On religious grounds, why the difference between the various churches?

1030

**Mr Klein:** Before we get into that, I would like to point out to you that increasingly the Roman Catholic community is taking a closer look at bingos, and this is what you are referring to, and several parish priests have already decided this is not an acceptable activity for the Christian community. So it isn't as if the Roman Catholic community holus bolus is behind bingos.

**Rev Mr VanEek:** I must also say that it is precisely at that level where a community plays bingo and keeps all the winnings and the proceeds within that same community to sponsor such things as their schools, for example, that it seems to be relatively a gamesy and innocent thing compared to this kind of broadened-out activity, to which no Roman Catholic that I know, at least in the Roman Catholic hierarchy, has given an affirmative. I have not seen anyone coming out in support of the casinos now. So the argument, by extension, that you use, sir, has to be limited. Casinos, no; bingo, probably, if it stays within our family.

**Mr Carr:** I take it too that you would like to see the lotteries removed as well, and also the people following you are the horse racing people. How do we balance the horse racing and the lotteries? Would you like to see them removed as well, or where are we at with those forms of gambling?

**Rev Mr VanEek:** My own feeling is that horse racing is not everybody's fancy and therefore the sport appeals to a limited public. But what the government is trying to do with the casinos, if Manitoba and Alberta are an example, at least, is to appeal to the broad masses of the population. The horse racing fanciers perhaps have discretionary income where many of the average citizens do not.

If I may expatiate, in Nova Scotia the mom-and-pop store association, within six weeks of putting in the game tables, went to the government saying, "Hey, people are spending their money that they used to spend with us for groceries; they're now spending it at the game table." One doesn't need a vast imagination to think of what is happening back home in these families.

Another instance: Manitoba, \$20-million take on its casino there on Broadway, but it's already setting aside a half a million to help those people who are hooked. I submit to you that for every one who comes in for treatment under that half-a-million-dollar provision, there may be five to 10 people who really don't come in to be treated in any form but whose misery may be commensurate.

**Mr Duignan:** Thank you for presenting your brief here this morning. We have no questions at this time.

**The Chair:** Mr VanEek, Mr Klein, thank you very much for presenting before the committee this morning.

**Rev Mr VanEek:** Thank you for the courtesy, sir.

STANSTANDBRED BREEDERS AND  
OWNERS ASSOCIATION

**The Chair:** The next presenters this morning are the Standardbred Breeders and Owners Association. Please identify yourselves and proceed.

**Mr Jim Gillies:** I'm Jim Gillies, president of the Standardbred Breeders and Owners Association of Ontario.

**Mr Brian Shannon:** I'm Brian Shannon, a director of the Standardbred Breeders and Owners Association.

Since 1969, the Standardbred Breeders and Owners Association has represented the interests of owners and breeders of standardbred horses. In 1992, there were 5,824 owners in 804 multiple-ownership stables licensed by the Ontario Racing Commission. There are also an estimated 1,600 breeders. We are dedicated to improving the breeding and racing of standardbred horses and ensuring that the interests of owners are strongly considered. Last year, over 500 Ontario-bred yearlings were sold in Ontario and the United States and close to 1,000 Ontario-owned horses are racing in Ontario today.

All of our directors are volunteers who are active in Ontario's horse racing community and endeavour to play a leadership role in the betterment of horse racing in Ontario. We maintain a continuing interest in all aspects of racing and constantly represent the owner and breeder viewpoint.

On behalf of the standardbred breeders and owners in Ontario, I want to thank the members of the assembly for providing our industry with an opportunity to comment on the casino initiative of the government and this particular legislation. It was our hope that extensive consultation would have occurred with the people of Ontario regarding casinos and their impact on industries and communities before the point of legislation had been reached.

Today, I will talk about our opposition to this legislation, its negative impact on industry and its implications for municipalities. If I may, I would like to offer some specific comments on the bill and, most importantly, recommend some proactive actions that the members should implement to develop our industry rather than destroy it.

We oppose Bill 8. The SBOA is totally and unequivocally opposed to the implementation of provincial casinos or the further proliferation of native and charity casinos. It is virtually impossible for the government to allow casinos to operate without serious destruction to horse racing and the extensive agricultural activities associated with it. The government has not studied in a meaningful way the potential impact of casino gaming on the horse racing industry in Ontario.

The concerns expressed by the Ontario Agricultural and Horse Racing Coalition are not selfish. They are based on the practical realities of gaming behaviour and experience in other jurisdictions.

The government's cavalier attitude to the 50,000 people employed in this industry is a major issue and the impact of the gaming initiatives planned on the agricultural infrastructure of the province cannot be ignored. Surely it is not unreasonable for us to ask that the government think through the implications of its plans, document its case and consult openly with the communities affected. The people who will be economically devastated by this bill deserve to be told why they are not important to the members of this assembly and to this government.

Our industry, in its entirety, is not afraid of competition or risk. We compete every day and we take more risks in six months than most people in this room take in a lifetime. We must, however, be treated with some sense of equity. We are regulated in our activities to ensure that we treat each other fairly and, most importantly, to ensure that the public is treated fairly.

The government's proposed gaming policy is not fair to this industry. Firstly, they've allowed the Ontario Lottery Corp to expand without any sense of control or public accountability. It is virtually impossible for us to spend the tens of millions of dollars they do on marketing programs; the government has already taken the money from us.

Secondly, stop the uncontrolled approval of "charity"



casinos; the "charity" is in quotes. Surely, someone can analyse this area of activity and make some judgements about the appropriate number of charity casinos required and their impact. It might be helpful for this committee to receive a report on where all the revenue from this industry is going or has gone.

Lastly is taxation. The present fiscal policy of the government, combined with the above two influences, has taken any opportunity for growth out of our industry. We must be treated fairly. Even the government of Canada did not apply the GST to our handle. No GST and no PST: I will return to this point later in my remarks.

We know we must change, that major adjustments to our industry and indeed the size of it must take place, but let those changes be as a result of natural economic forces rather than inequitable taxation and the government's casino policy.

Industry impact: Mr Chairman, I have found it a bit amusing to hear and read about the studies on this issue. If I had access to Dr Hosios's study and the Coopers and Lybrand report, I would have commented on them for you in some detail. I did get a copy of the executive summary of that last Friday. For some reason, they're a bit hard to get.

1040

When discussing the impact of this bill on Ontario, I feel we must look at the experience of others and the studies that have been done. I am not in a position to comment on Dr Hosios's figure of 18,000 employed in racing, but I have noted that it is about 3,300 less than the number of persons licensed by the commission last year and ignores the estimated 6,500 people employed by owners. Why these people are not important to the study and the government's deliberations, I don't know. I will offer that the figure is closer to 30,000 and, just as importantly, there are up to 50,000 people altogether who derive some direct income from this industry. That is critical.

Coopers and Lybrand suggests that casinos will only reduce our industry by 5% to 10%. Factual experience in other jurisdictions dictates that that figure is laughable and, in my view, insulting and misleading to the members here. The assumptions made and conclusions they draw cannot be substantiated. They are projecting. The factual experience is that it's 30% to 35%. If you assume, as the Coopers and Lybrand report wants you to, that mismanagement caused 10% of this then that leaves you with a 20% reduction in our industry because of the casinos or halfway between Dr Hosios's estimate and actual experience. How many industries anywhere can survive a 20% reduction in gross revenue? How many politicians would survive a 20% reduction in popular support? I suspect we'll find out.

A loss of this nature represents at least 6,000 jobs or \$110 million in personal incomes, \$70 million in

agricultural purchases, \$24 million in taxation revenue—in short, economic destruction.

My question to you, simply put, is, why would you purposely cause this devastation, especially in this macroeconomic environment? What have you got against the horse racing industry and the agricultural communities that support it?

Mr Chairman, last fall, Eugene Christiansen, a renowned gaming consultant, conducted a study for the Ministry of Agriculture and Food on the impact of casinos on our industry. He stated, and I repeat, "Let there be no mistake: Casinos would have a substantial adverse impact on Ontario racetracks and therefore on Ontario breeding and therefore on racing and breeding industry jobs and tax revenue." He documented his case and he urged the government to be very careful.

He also referred to the fiscal realities of the taxation of gambling activities. The first point he made was that only monopolies can sustain very high tax rates. There has not been a monopoly on gaming in Ontario for 20 years.

The second comment he made is that you cannot maximize the economic contribution of gaming and at the same time increase direct tax revenue from it; you pick one or the other. Taxing racing the way you have is killing the industry. The introduction of casinos must be accompanied by adjustments to your fiscal approach to our industry.

Apparently, Coopers and Lybrand was silent on the issue of taxation. They recommend that we broaden our market base, expand teletheatre wagering, broadcast into other jurisdictions and work jointly with casinos.

We have done some of these things and last year told the casino project team that we wanted a symbiotic relationship with casinos. However, to date, we've been ignored.

If you want to mitigate the impact of casinos on horse racing, address the inequity of the present taxation.

Implications for municipalities: I cannot think of one racetrack in Ontario that has had a negative social or economic impact on the municipality in which it resides. To the contrary, harness racing specifically is and has been a part of the social fabric of rural Ontario for decades.

The minister has stated that municipalities will not get any revenue from casinos; they will get short-term assistance for the increased policing required. What a comment: "The good news is that we're going to give you a casino. The bad news is that you need a bigger police force." Prostitution, crime: Those are the municipal impacts.

Let me quote Donald Trump: "It brings a lot of things that maybe areas didn't have before...There's a big cost to pay...Most jurisdictions have considered

gaming and most jurisdictions, even though right now it seems to be the craze...have rejected it. And the ones that have accepted it, many of them, if you gave them their choice again, they would have turned it down."

Why is it that communities with casinos have high poverty rates, low wage rates and no economic growth? Why do we want our communities to undergo this transformation?

Historically, a southern Ontario town has a feed mill, two or three churches, a public school, a fair grounds with a racetrack, a clean retail district and a municipal building close to a park. The town of the future will have a bingo hall, a casino, variety stores with lottery terminals and tickets, television for Sports Line betting and a larger police station in the low-rent poverty district. Not my sense of community.

What will happen to all the farm land that we will not need, marginal farm land that has been put to good use by our industry? These are the social and economic implications that should be considered prior to racing off in this simple-minded revenue search. Will the provincial government make up the \$70 million in reduced municipal revenue from race track taxes? The benefits to municipalities are far from clear.

The legislation: I would like to address two areas of concern in this legislation. The first is political accountability and the second is control.

The province's experience with the Ontario Lottery Corp has taught us that mechanisms are necessary to ensure that agencies, boards and commissions are accountable to the members of the assembly. In the late 1970s the government was forced to restrict that corporation's expansion program by ministerial intervention because the legislation was too permissive.

How many casinos and their location is a decision that the assembly should be involved in, not a group of individuals who may or may not respect community and political concerns. How will this organization relate to the activities and marketing initiatives of the lottery corporation? Will the minister and the civil service referee those conflicts or will there be a plan presented to Parliament in the budget papers to ensure that members can see exactly what is proposed?

What mechanism or processes will be put in place to ensure that these casinos are profitable? Have you looked at the profitability of the casinos south of here? It will be interesting to see if government can do a better job. How will the members of the assembly know, and when, if operations are not as efficient as expected or projected?

Concerns have been expressed about organized crime and its potential interest or involvement. What does the government know that no one else does about preventing this from occurring? I think this is an issue that the members of this committee should feel comfortable with

prior to going much further. Don't be cavalier about control.

The Ontario Racing Commission is one of if not the most effective regulatory bodies in racing anywhere, but it too must be vigilant in monitoring our industry. I hope a regulatory mechanism is in place that ensures there is political accountability and effective ministerial control.

Proactive development versus destruction: The issues facing the government and this committee at this time are (1) what impact will casinos have on the size of the gaming market and existing gaming activities, and (2) what will you do to protect horse racing and indeed provide for its development?

An analysis of the data available to the government and a survey of all previous studies and experiences confirm beyond any doubt that it is not possible to open casinos in Ontario without a severely negative impact on horse racing, and it is not possible to initiate any off-track wagering schemes that could replace the substantial amounts of wagering revenue that will be lost. We propose a series of actions that can be taken to develop our industry rather than destroy it.

Taxation: The provincial taxation of horse racing is self-defeating and unfair. The only gaming revenue taxed is horse racing. You don't tax General Motors or Ford products differently than you tax Chrysler products so why tax horse racing more severely than other gaming activities? The government of Canada does not apply the general sales tax to our handle because it realized the devastation it would cause. The OAHRC has given you documentation as to the taxing of racing in other jurisdictions; read that document and follow Eugene Christiansen's advice. No other action could turn around the economic state of our industry more quickly. Dr Brown pointed out that Ontario taxes us 10 times as much as New Jersey, where tracks and casinos coexist. By the way, Ontario's taxation is higher than anywhere else in North America. Don't reduce the tax on our industry; eliminate it.

Casinos and race tracks: The Standardbred Breeders and Owners Association proposed to the casino project team last June that rather than destroy our industry, we would work together in a symbiotic relationship. Specifically, we said, "If you're dumb enough to go ahead with casinos, put them on race tracks." We must work together or a revenue-sharing arrangement must be found to protect our industry. This will provide a mechanism for profits to maintain and indeed enhance our industry.

Ontario sires stakes: The 1992 annual report of the Ontario Racing Commission states that roughly \$5.8 million is provided for our sires stakes program: \$4.9 million for purses, \$500,000 for breeder awards and \$390,000 for publicity and promotion. The \$390,000 pairs with the tens of millions of dollars spent on



advertising by the lottery corporation. The \$5.8 million represents 1% of standardbred wagering.

**1050**

The Coopers and Lybrand report claims that the province will get \$866 million from casinos. I propose that the government reinvest a mere one half of 1% of that in the sires stakes programs. Purses would become \$8 million, breeders' awards \$775,000 and publicity and promotion \$1.25 million. At this point, we might be able to begin to compete as effectively as Coopers and Lybrand recommend.

Capital improvements: They also recommend we extend out to new audiences via teletheatres. We're trying to do this. Capital funding provided by our government programs could make this happen throughout our industry. Various ministries have funding programs for capital improvements, feasibility studies and marketing programs. The horse racing tracks could benefit from such a program. Enclosing grandstands, upgrading kitchen and banquet facilities, computers, large screens, simulcasting equipment and fundamental track improvements could be funded. Feasibility studies for all of these projects should be in place and funded through the government grants, as is the case in the cultural and recreational sectors.

In conclusion, we remain opposed to this legislation simply because of its devastating impact on our industry and the agricultural sector. Casinos cannot be implemented without a severe contraction of our industry. To suggest that it will only be reduced by 5% to 10% is simply misleading. The municipal benefits are minor compared to the social and judicial costs. We request that you take a proactive, developmental approach to our industry and not a destructive one. Thank you.

**The Chair:** Thank you very much. We have about four minutes per caucus. We'll start with Mr Carr.

**Mr Carr:** Thank you very much. I appreciate the information. You obviously weren't interviewed for the Coopers and Lybrand study then, your association.

**Mr Shannon:** The Standardbred Breeders and Owners Association was asked if it wanted to meet with Mr Rutsey, who developed that. We referred that request to the Ontario Agriculture and Horse Racing Coalition, and the coalition met with Mr Rutsey, and I was at that meeting.

**Mr Carr:** The Coopers and Lybrand study says that it will only reduce the industry by 5% to 10%. You go on to say it's misleading. Why would a firm that's very reputable be doing this, in your mind? Why are they so wrong and misleading as to what will happen to your industry?

**Mr Shannon:** I think I could answer better if I saw the penultimate draft or maybe the third-to-last draft. I don't know; they didn't definitively say that it would be 5% to 10%. My point very simply is, if you look at the

facts, if you look at actual experience, the 5% to 10%, in my view, is misleading. I would hate to have to document it. I could document for you very easily 39%, 37%, 33% in New Jersey; I can document Minnesota and Connecticut; I can document Manitoba. Why they said to you 5% to 10%, I don't know, and I'd like to have seen the penultimate draft.

**Mr Carr:** What will the total job losses be, in your estimation, when they get the casinos up and running that are listed in here right across the province?

**Mr Shannon:** My view is that at a minimum, you're looking at a 20% contraction of our industry, at a minimum.

**Mr Carr:** And that would be how many jobs?

**Mr Shannon:** That's got to be, at a minimum, I would think, close to 10,000 incomes and I think the incomes are important. A lot of people derive income from this industry who aren't necessarily employed in it. Some of us don't have employment but derive income from this industry. But at a minimum, I would say you're looking at 9,000 jobs.

**Mr Carr:** Now, what the government has said, if you followed some of the other presentations, is basically that your industry's dying anyways. Do you think that's the case? I know there have been problems with the lotteries and so on. It's been almost like they've added another nail to the coffin. Do you think these casinos are going to be the final nail?

**Mr Shannon:** Well, it certainly will be if they implement it. I'm passing judgement on the effectiveness of it, but if it is effective, sure, it will kill the industry. But let me make a point here.

There are a lot of industries in trouble in the world. Our industry's in trouble, okay? The development in this industry is in trouble. At the same time, we're world leaders. The best drivers in the world come from southern Ontario. The best trainers in the world are from southern Ontario. They go to the States, all right? If you look at a list of the top 10 drivers in the United States, six of them, at a minimum, are Canadians, five of them would be from southern Ontario and one of them from Quebec. We're the best, at this business, in the world.

There has been an absence in growth in our industry for a number of reasons. In southern Ontario particularly I'll argue it's lotteries. I was directly involved in lotteries about 15 years ago. They have taken a lot of the growth out of our industry. This industry is not famous for its marketing initiatives. There's no question of that. Those adjustments, natural economic adjustments are going to take place in our industry. Let them be natural economic forces like everyone else's industry, not government policy. I mean, your regulator is trying to destroy you. I simply say, why?

**Mr Kimble Sutherland (Oxford):** I guess listening

to the presenters from the different aspects of the horse racing industry over the last few days, I'm a little puzzled about some of the scenarios presented. I have a hard time fathoming that the people who go to the track in Woodstock, in my riding, or to Western Fair raceway a few times a week are, every week, going to get in their cars, drive two and a half hours, two and a quarter hours to Windsor to go to a casino and then they are going to drive two and a half hours back afterwards rather than going to the track, particularly when in Woodstock, I think they race Tuesday and Saturday nights. Tuesday night's been the most popular night, when people have got to get up and go to work the next day. I think in Western Fair they race Monday, Wednesday, Friday, that type of thing. I mean, to me it just doesn't seem that people are going to make that kind of trip on a weekly basis.

So if people aren't going to do that, it seems to me some of the arguments being made about what the impact is going to be on the racing industry would seem a little overstated. So I guess what I'd like to know is, where do you draw on the basis that all these people are going to the track, say, in Woodstock and London are going to make this two-and-a-half-hour trek to Windsor every week and not go to the racetrack?

**Mr Shannon:** You have to look at the breakdown of who bets on racetracks and how much. I think Mr Rutsey did some research on that kind of thing, some focus groups or whatever, "Just what is the draw of going to Windsor to bet on this kind of thing?"

If a thousand people bet at the racetrack, a lot bet \$2, a lot bet \$10, there's a lot who bet \$1,000, one bet. So if you take the cream off our industry, if you take the people who participate in our industry most effectively, you'll kill it.

Let me make another point. About 70% of our industry is at the Ontario Jockey Club, okay? That's at Mohawk and Toronto. That is probably the most effective racing organization in the world. Those people, the people who really bet a lot there, are the people who probably will go to casinos. If you want to do two things to kill an industry, one is you hurt the Ontario Jockey Club's handle, and this will do it. The other one is that you destroy the sire stakes program because that just destroys all the racing in all the tracks throughout the province. It's a really effective program.

But if you take the high rollers out of our industry and send them down the highway to casino—and they'll go. They're opportunity-oriented; they're always looking for the best opportunity. They'll go down there. You're taking all the turnover right out of it. Yes, there'll still be people like myself betting \$2 and \$10 and that kind of thing. But rather than going like this, it's going to go like this. That's where you just kill it.

So maybe you're right. Maybe the thing isn't viable in Windsor and you should look at it. I don't know, but

my sense is you'll destroy our industry.

**Mr Gillies:** If I could just touch on this, there are documented facts that when the sports lottery was introduced, it immediately affected the handle on the Ontario Jockey Club.

**Mr Shannon:** Seven per cent in one week.

**Mr Gillies:** Seven per cent in one week.

**Mr Shannon:** Greenwood Racetrack, last December. In fact, you can go to the commission. They'll give you the figures.

**Mr Sutherland:** That hasn't been ongoing.

**Mrs Irene Mathyssen (Middlesex):** Okay, just a quick question: I need some clarification too, because yesterday Mr Ted Smith from the Canadian Standardbred Horse Society was here. He told us that New Jersey had just sponsored a quite prestigious event and that \$5 million was bet at this single event. I've checked since and have been told that New Jersey is catering to customers in such a way that it's making a rebound. You've said the opposite. I just wondered which is true, and if New Jersey is making a comeback, how has it effected this comeback? What have they specifically done to improve the industry there?

My second question is about the drivers. I know that Ontario produces incredibly skilful drivers. Knowing that, how can you capitalize on that in order to help the industry here?

**Mr Shannon:** Firstly, if you manage a racetrack in New Jersey, your cash flow, your working capital, is substantially different than it is in Ontario. I mean, 0.5% taken off, as opposed to 7%, is a lot.

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**Mrs Mathyssen:** But you said they were failing there; they were desperate, they were having problems.

**Mr Shannon:** What I said was the documented evidence is that their handle went down by 30% because casinos came in.

**Mrs Mathyssen:** But that contradicts what we heard, that New Jersey is making a comeback.

**Mr Shannon:** No, it doesn't contradict it. They may still be operating, but what would they have been operating like and how big would the racing program be and how effective would the industry be if the casinos weren't there? It might be quite good. The number of horses racing in New Jersey is really down.

If you look at 1993, Armbrro Keepsake was born and raised about 40 miles from here. It's one of the best trotting horses in the world. Dr Brown came to see you; he bred that horse. That horse couldn't find a place to race in the United States of America. You know why? There's no opportunity for it, so he put it over in Europe. Yes, there's a racing program there; it's doing a little better than it was, but it's not doing anywhere near as well as it could be because of casinos. There's



contraction there too, and they have cash flow to reinvest in their track; we don't.

**Mrs Mathysen:** But the reality is that there is not a monopoly in the United States and they have to manage and make their business work in that business environment.

**Mr Shannon:** And they're doing a little better maybe than they were before, but they're not doing as well as they could be if there weren't casinos.

**Mrs Mathysen:** Okay. So if they're doing better, what are they doing?

**Mr Shannon:** As I said to you, their cash flow—they don't get 7% taken off the top; they get 0.5% taken off the top.

**Mr Carman McClelland (Brampton North):** In that light, sir, I guess I have this question that I have to ask, and I put it to you very bluntly and plainly and wonder if you could perhaps use it, I suppose—let's be candid—to maybe re-emphasize your case: In the event of a 20% turndown concurrent with the possibility—and I hope it's forthcoming, but I would suggest that, given the response to date, it may be remote at this time—of a reduction or an elimination of taxing on your revenues, to what degree do you think you can sustain the industry and for how long? You indicate that the industry would be in serious peril with the advent of casino gambling, that a mitigation of the impact falling from that would be the reduction or elimination of the tax. Is that merely buying time or, in that context, can you survive?

**Mr Shannon:** I don't think there's any question that we can survive.

**Mr McClelland:** With what impact, I might add?

**Mr Shannon:** I think if you implement this casino idea to the extent that it's envisioned, you literally will destroy the industry, okay? You're going to see 20% in probably the first year and then it'll just wind it down.

If you can do something meaningful on the fiscal side and maintain and enhance the sires stake program, then there's no question in my mind that this industry will weather very effectively the macroeconomic storm that we're in and we will survive and be strong. You still will see thousands of racetracks in rural Ontario where right now, this morning, there are hundreds of people jogging horses, and you're still going to see that.

Will we grow? I think we're going to have trouble in the Metropolitan Toronto market area just because of the nature of this market. Ten years ago there was no Dome and no Blue Jays—well, there was 10 years ago. But if you think about it, 81 nights a year there are 50,000 at that facility; 40 nights a year there are 16,000 people in Maple Leaf Gardens. We're in an intensely competitive situation and we've got to be more effective at it. I believe we can be more effective. Whether we're going to grow at 12% a year, we'll survive the

macroeconomic storm. I think you're going to see some meaningful growth in our industry. There still will be some adjustments. I don't think Orangeville will or should reopen. There are small tracks like it that just maybe won't make it.

Lotteries have changed our buying behaviour in terms of gaming. Young kids, people, just instantly go to that. They don't come to our industry like they used to and it's going to be very difficult for us to change that. Will we survive? Yes, we'll survive.

**Mr McClelland:** Given that fallback position—and I think Mr Carr alluded to it—I wonder if you could reiterate the numbers. Let's be optimistic and presume an adjustment in the tax structure that allows you to survive and continue. What would be the net job loss, in your estimation, in light of that scenario?

**Mr Shannon:** If we don't?

**Mr McClelland:** Given a tax adjustment that allows you to maintain viability, albeit at a reduced level, could you reiterate the numbers that you would see?

**Mr Shannon:** It's a hard question, but assuming casinos and assuming you take away the tax, then I think you'd see growth rates or reduction in growth rates consistent with the GNP. I think we probably then would be tied into the general macroeconomic activity in the province.

**Mr McClelland:** So that would pretty much, to use an overworked cliché, level out the field?

**Mr Shannon:** I think it would, yes. I was hoping you would ask that economic question.

**The Chair:** Thank you, Mr Shannon and Mr Gillies, for presenting before the committee today.

DR MICHAEL COLTERJOHN AND ASSOCIATES  
EQUINE VETERINARY CLINIC

**The Chair:** The next presenter is Dr Michael Colterjohn and Associates Equine Veterinary Clinic. Dr Colterjohn, you have 30 minutes within which to make your presentation and field some questions. Whenever you're comfortable, you may proceed.

**Dr Michael Colterjohn:** As a veterinarian I am voicing my opposition to the introduction of casinos in Ontario. Casinos would have a dramatic and devastating effect on the racehorse industry in Ontario, just as we have witnessed in all other jurisdictions where racing has gone into competition with land-based casinos or riverboats. I'm not here to defend or argue this eventuality. The concerns I will voice are those of the support industry, those widely varied occupations that depend for their living, in part or entirely, on the services they provide to the racing industry.

Racing revolves around two distinct principals, one being the owner and the other the racetrack and its wagering patrons, while everyone else can be recognized as the support structure to either principal or both. Both principals represent the only source of funds for

the maintenance of the industry, an industry which is incredibly labour-intensive and which feeds off itself with ultimately the dollar spilling beyond the peripheral service groups, where the moneys eventually purchase manufactured or produced goods.

An owner is principally involved for the pleasure of the sport, a sport well named as the sport of kings, as very few owners will ever make a profit on their investment. Each owner knows how much they can commit to what is their pleasurable pastime and will only spend to that limit, with whatever revenues that are achieved through their racing endeavours being reinvested back into the industry. In my time of involvement with this industry, I cannot recall a situation where an owner has departed the industry and taken out more than he has put into it.

This owner brings into the industry an initial lump sum investment, much like an initiation at a country club, and then annually continues to pay their predetermined dues, which in reality represents the amount they are willing to continue to pay for their involvement in racing. Any purses achieved through winnings generally go back into the industry to increase the horse owner's involvement.

With this scenario, the total amount of moneys being used in the industry becomes a function of the amount of purses that are available to be awarded. One can recognize that the degree to which an owner becomes involved will depend on the amount that is available to supplement his annual dues.

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An example that illustrates this point is that when you look at the types of horse farms around any racing jurisdiction, you will quickly recognize that with a good purse structure you will find many attractive and well-maintained facilities such as in southern Ontario. These facilities contrast dramatically with the farms to be seen in the Winnipeg area or southeastern Quebec. Also, you will see many more nicer facilities associated with a stronger purse structure due to a greater number of people who become involved within these jurisdictions.

The other principal within racing is the racetrack and its wagering patrons. This is the most important variable, as the health of this group will determine the size and strength of the owner pool competing within its jurisdiction. The racetrack exists solely as the venue for wagering on horse races for essentially recreational purposes. The size and success of any racetrack will reflect the wagering capacity of its patrons. The daily mutual pool or handle for any track is the source of funds for the purse structure, track operations and the government's share of the take. Any changes that detrimentally affect a track's daily handle will decrease the amount of money available for these three areas.

The amount of purses available to the horseman is entirely related to how successfully the track manage-

ment and marketing people operate, how much the government decides to take and, most importantly, how much the daily patron will wager. A track with a good purse structure will also see a viable horse industry develop within its jurisdiction, as owners will become more committed to invest and more owners will become involved. From this, we see a strong breeding industry develop within the area and more decentralization of the breeding industry from the strongholds, like Lexington, as a new regional market develops.

Here in Ontario we have a good and solid purse structure which has allowed the industry to develop to the point that we have good racing facilities. We have a large standardbred and thoroughbred regional breeding program. We have provided an estimated 55,000 jobs within the industry. We also have the visual proof of the success of the horse industry throughout this racing jurisdiction, as our rural area is covered with many showplace horse farms that are immaculately maintained. This reflects on satisfied owners who enjoy the sport of kings, and are happy to finance their involvement, and also a base of racing fans who are capable of supporting the racetrack and its purse structure.

What jobs are created by the racing industry? Firstly, the racetrack itself. Other than management personnel, it directly employs a wide range of people including maintenance staff, parking attendants, starting gate crews, licensing personnel, mutual clerks, concession operators, waitresses and waiters, busboys, cooks, judges and stewards, race office personnel, jockey agents, jockeys and valets, outriders and the riders and horses that accompany the horses to the starting gate.

The number of people employed in any of these areas is directly related to how successfully the track is being operated and the daily handle. This implies that any action that directly affects the daily handle will naturally decrease the amount of employment at the track in many of these areas.

Secondly, what jobs exist due to racing from a horseman's point of view? Each trainer represents his own small business and employs, beyond secretaries and accountants, the staff he requires for daily operations, which includes an assistant, grooms, hot walkers, exercise riders and occasionally a night watchman.

Once again, the number of people employed by any trainer will be a reflection of the daily handle and purse distribution. In the poorer racing jurisdictions, the trainer will quickly decrease services in an attempt to make ends meet; namely, a groom will attend to more horses, he may not have an assistant, or exercise riders may also substitute with other positions.

A trainer at the track will also utilize the services of many other people; namely, veterinarians, blacksmiths, staking agents, horse transport companies, feed agents, tack repair, blanket repair, barn supply outlets and equipment sales.



Once again, the degree to which any of the above groups will provide its services will be directly related to the general health of the industry.

The third level of jobs created by the industry is the farm level. This is the area with the largest variation and includes the small turnout operation and the huge breeding farms, but they are all very labour-intensive. Many owners will have their own farms. Usually these are the showplace operations, where their interest in the industry has caused them to develop a facility where they can enjoy a more intimate involvement, whether it also becomes their home or maybe a weekend retreat. The number of these properties is entirely related to the quality of racing in the area. Once again, I refer to the comparison of the properties in the Toronto area to Winnipeg.

All these farms have a common bond in that, again, they are all operated as small businesses, with their secretaries and accountants, and also their grooms, riders, managers and maintenance staff. But they are also private facilities that have been built and paid for by a principal in this industry, the owner. All this privately motivated construction that is continually ongoing has provided countless jobs for construction workers, backhoe operators, electricians, plumbers, roofers, painters and fencing contractors, many of whom may never have touched a horse.

All these facilities also employ directly many other people on a contract or service basis. This list includes veterinarians, blacksmiths, nutritionalists, gardeners, road graders for their driveways and tracks, fertilizer outlets for their paddocks, asphalt companies and driveway sealers. There are also ground and paddock maintenance, fence repairs, building and roofing repairs, which are also contracted out.

These facilities all routinely purchase farm equipment like tractors, snowblowers, paddock mowers etc. They also have pickup trucks and horse trailers, and all of these need to be maintained by an outside mechanic.

Most of the horse industry does not grow any of its feedstuffs. All of this is produced by the local farmer or sold through a local mill. This is also extremely labour-intensive, as it also employs, beyond the farmer, the truckers, the nutritionalists, the feed salesmen and the mill workers.

Then there are the byproducts from the racing industry: the manure that goes for mushrooms or garden soil, which again employs a trucking agent, or the retired racehorse that has marginal remaining value and so is now affordable for the pleasure-riding industry, again continuing to maintain employment.

The other side of the farm level is the breeding industry, which in Ontario can be considered a regional market, as it has developed in response to our racing industry. Once again, we need a healthy, viable market

for this division to exist, as its level will entirely reflect what is happening to the two principals; namely, if the daily handle decreases and the owners reduce their involvement, then they will buy fewer young horses and will pay less for them, which will cause the breeding industry to cut back. We will have fewer locally bred horses and a larger proportion of the breeding will come from the United States.

The reason for this is that younger horses have more projected value than older, proven horses. As owners start to cut expenses, they do not breed horses but will start to claim horses that have already proven themselves and are worth less. Since our regional breeding industry would produce fewer in this scenario, a large proportion of the horses will be American-bred. In effect, we will see the loss of a large number of jobs to the US and convert more of our buying of horses from our own domestic market to the US market.

The breeding industry in Ontario is very labour-intensive and employs a wide variety of occupations, from veterinarians to grooms. It also has cause for development of the many farms and gives rise to a tremendous investment in breeding stock, which is basically successful racing stock that has retired. A downturn in the breeding industry would reflect as a decrease in demand for the racing stock being forced to retire due to injuries, once again decreasing the movement of the moneys between owners who keep the system moving.

For example, the owner of a successful racehorse may see a large amount of money for him if he retires to stud, money that the owner would turn back into more racehorses, which would require the purchase of more market yearlings and maintain the demand for production in the breeding business. Thus the use of the newly retired stallion. This would contribute over and beyond what the horse had already contributed through purse earnings.

If casinos are introduced into Ontario, the purse structure will weaken dramatically, as it has in any other part of North America when this competition has occurred. For example, just limiting this scenario to the thoroughbreds at the Ontario Jockey Club, if the purse decrease due to declining handle resulted in one less horse per race, how far does this affect the people involved? The jockeys will see approximately \$75,000 less money, with 223 fewer horses starting. But this also means 56 fewer grooms required, 27 fewer exercise riders and 37 fewer hot walkers, not to say how many less trainers will exist.

But the biggest effect is on the peripheral areas in the industry. To produce regionally this number of horses requires 333 mares to be bred, mostly by the small breeder. This means that approximately 60 small private farms will cease to have a purpose. How much construction will not occur? Fencing, driveways and

paddocks will not be maintained. How many fewer pickup trucks and tractors will be sold? These are the showplace farms that dot the landscape of rural Ontario and add a quality of life that cannot be replaced.

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But the largest effect is even more peripheral to the racetracks and is at the farming level. The feedstuffs utilized by just this decrease in horse numbers in this scenario are quite incredible. They will require 1,460 tonnes less concentrate, 7,000 tonnes less hay and 5,000 tonnes less bedding. How many farmers, feed sales agents and truckers are not going to have a market for their products or are going to find themselves unemployed? This example only represents a minor effect on a small segment of the industry and doesn't take into consideration stallion fees, loss on investment in breeding stock, trucking, farriers or many other support personnel in the industry.

How do I expect casinos to affect me as a veterinarian? With casinos, we could expect an immediate drop in the racetrack handle and a reduction in purses. The owner at this time will probably try to hang on with his investment because to sell requires taking a loss, as horse values will decrease as demand goes down. The peripheral services will continue for a while until finally the owner recognizes that their involvement is costing far more than they can afford. At this time, almost every owner will adjust their involvement; some will just cut back in numbers, but many will be forced out of the industry due to the load of outstanding debt, and others will fail completely and declare bankruptcy. At this time, as a veterinarian I will see a cutback in required services as costs are evaluated, loss of clients who cease to be involved and a large increase in uncollectible accounts.

Being a veterinarian in this industry could well be considered a specialty due to the years of experience required beyond formal schooling, but it is also very competitive. My colleagues and I are going to find ourselves in a more competitive situation, and many of us are going to be overwhelmed by our expenses and uncollectible debt and will fail. Unfortunately, due to our defined specialty we are hardly prepared to enter other equally competitive areas of this profession.

If I was to fail in this scenario, I would take with me other jobs. I employ two other full-time vets and a secretary, but peripheral services will also be affected. We spent over \$125,000 last year on drugs and supplies, lab services expect to pick up from us on a daily basis, we have three vehicles on the road for business purposes and have spent approximately \$22,000 so far this year on fuel and vehicle maintenance. We refer approximately \$100,000 worth of surgery a year to other veterinarians or institutions. We have students with us during the summer months and find most of our equipment has a lifespan of only a few years before requiring

replacement. Equipment like ultrasounds which sell for \$15,000 to \$50,000 or X-ray machines are a necessity in our specialty.

In closing, I would like to note that in Ontario racing has seen lotteries and Pro Select enter the competition for the wagering dollar. We have survived but also recognized a decrease in the daily handle, like every other racing jurisdiction. If this government brings in casinos, that wagering dollar cannot support all the available gambling venues, and racing will pay the biggest price. Can you allow the loss of so many established jobs by introducing casinos? Many of these jobs are strictly manual labour, but many of them require many years of university education. How many failed small businesses will result and bankruptcies occur? How many farmers will see the market for their product cease to exist? How many people are going to be forced on welfare and how many veterinarians are going to find they cannot stay in business?

I ask you, can we afford to devastate a totally self-sustaining industry that provides so much widespread employment and adds so much to the quality of life in our rural areas by introducing casinos into Ontario?

**The Chair:** Thank you very much. We have less than four minutes per caucus.

**Mr Sutherland:** Thank you very much for your presentation. I don't believe we've had any veterinarians in yet to the committee. We might have had one last week, but I think you're the first to come here, and we appreciate you providing your perspective on the situation as a different perspective.

I know you're not directly involved in terms of the type of work you do and the marketing of it, but we certainly heard from presenters talking about some of the issues affecting the industry already, in terms of increased competition outside of casinos but also the fact that the demographics are changing, that they haven't attracted as many new people into supporting the industry in terms of coming out to the tracks. Do you have any observations on what strategies may be done to improve the industry?

**Dr Colterjohn:** Personally, as almost a casual observer who's not so casual, in that you overhear and become involved in so many discussions on the shed row just because you're involved, it seems so often the lack of funds to be able to reinvest in advertising, to be able to upgrade the facility, to be able to make the advancements that they can do to become competitive, as Brian Shannon says, with the guy who's heading off to the Blue Jays game.

Unfortunately, the amount of money that is taken out of the purse or handle in Ontario by the government, in comparison to a place like New Jersey, doesn't allow them the same type of money to invest back in the industry to make the upgrades, to update the track, to



implement the computer equipment that allows the 1990s people, the gadget-crazy people, to be able to bet easily, enjoy the game at their level and meet them on the same terms as anywhere else.

**Mr Kwinter:** Thank you, Dr Colterjohn. I really enjoyed following your presentation. You obviously put a lot of work into it in analysing the implications of this particular initiative.

One of the things that's been disturbing me since I've been involved in these hearings for the last couple of weeks is that independent or maybe even people with vested interests have come forward and have stated things such as that organized crime is going to be a factor. Every single representative, whether they are, as you say, a casual but not-so-casual observer, to those who are intimately involved in the racing industry has come forward and said that there is no question that the introduction of casinos is going to have a devastating effect on the racing industry.

Notwithstanding that, the Minister of Consumer and Commercial Relations said even though organized crime is everywhere else, it's not going to be in Ontario, because we can handle it, and there seems to be another feeling among the government members, and particularly we heard about the Windsor Raceway, that it's not a problem, that your concerns may be overexaggerated, that the effect of casinos on racing is going to be minimal. We just heard from one of the members saying, "My constituents are not going to drive two and a half hours to go to a casino when they can race," these kinds of things.

Why is it that we seem to be getting this feeling from the industry that without question there is going to be a severe impact on the racing industry, yet there are others, Coopers and Lybrand and others, who are saying, "Well, we don't think it's going to be that great"? Do you have any comments on that?

**Dr Colterjohn:** I guess history tends to repeat itself, and I think in Mr Sutherland's question that he asked Mr Shannon in regard to, are people going to drive two and a half hours from London to Windsor to partake in casinos, if you ask that same question to the racetrack at Canterbury Downs prior to the opening of the Indian gaming, they would have said there was no way they were going to drive three hours. All of a sudden they noticed the buses being diverted away from their track and they saw an immediate 35% drop in their daily handle, and that's with a casino three hours away.

But beyond that, rather than just repeating history, we all know there's so much competition for the recreational dollar at this point in time. I'm sure the racetrack would love to be able to make the upgrades necessary to be able to compete, as I've said to the prior question, with the Blue Jays, but at the same time it's not just the recreational dollar; it's the wagering dollar, whether it be bingo, whether it be lotteries, Pro Select,

whatever. There are only so many dollars to spread around, and we all know there are only so many dollars out there. To bring in somebody to compete with us, obviously it's going to see a decrease. We know the average person does not walk out of a casino as a winner, and he's not going to take those non-winnings and head over to the racetrack to improve on them. The competition and history.

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**Mr Carr:** It was very helpful to get a good perspective of the spinoff jobs. I think you did a very good job, some of which I knew and some of which I didn't, but you laid it out very clearly. Some of the other horse racing people who have been in have talked about the direct jobs; I think you did an excellent job outlining some of the spinoff jobs for everyone to hear.

I think the government is probably going to still proceed. I've given up predicting what this government will do. I sat on the Sunday shopping committee when they said they weren't going to have it, and a year later we did. I watched while the market value assessment committee sat on the weekend and the minister said, "We're not going to change anything." By Tuesday the bill was thrown out. So I've given up predicting this government, but I think it will probably proceed, from what we understand in here.

So what I would like to do is see if we can help the industry along the way. As you know, other industries, whether it's de Havilland or Algoma, when they were in trouble, got a tremendous amount of money in terms of bailout: \$250 million to de Havilland, and Mr Martin will tell me how much Algoma is, but it was millions and millions of dollars.

**Mr Tony Martin (Sault Ste Marie):** It's all loan guarantees, though.

**Mr Carr:** With de Havilland it isn't; it was a direct investment, total amount to be spent there. They are bailing out other industries. Your industry, they have decided not to.

But I'd like to talk about the tax issue, because I think, in all fairness to this government, it doesn't want to see the jobs lost if it can be avoided. Do you think that reducing the tax on your industry, like was asked for by some of the other people, will allow you to be able to survive, and will that, in effect, protect some of these jobs that you've done an excellent job of outlining? The best case is not to have casinos, but if not, do you think that's the next best thing that the government could do for you?

**Dr Colterjohn:** In face of a worst-case scenario, anything is an improvement, but to say whether or not it's going to allow the industry to stay as it is today and be able to compete in the face of casinos, we'll have to find out. But it'll be a big improvement on going it alone. I just wish that the government had reduced

further the takeout on the handle a couple of years ago which would have allowed them to increase the amount of money that they could put into upgrading the facilities, marketing, and going after—my age group, we're the lost generation to the race track. They admit themselves that they got a little sloppy. They were the only game in town 15, 20 years ago. Our fathers and our grandfathers, they are the guys who went. Now, unfortunately, we're losing them and there are not too many of our generation going to the race track. Now they realize that, that all of a sudden now we're in an age group where we've actually got some real pocket money, they'd love to see us there, but they don't have the money to go and chase us.

It's too bad we didn't get that incentive prior to ever considering casinos. We might have allowed them to establish their market share of our generation. If they lose that completely and we do turn to casinos instead, it's nothing for you and me to jump in the car on a Friday night and head down to Windsor. Heck, we'll play golf halfway down and then we'll spend the next day at the casino. Unfortunately, that's our generation.

**Mr Carr:** It also seems to be a real urban-rural split and the people who are going to be affected most is rural Ontario, which is suffering as it is, and some of the people from farming communities will know that better. This is going to be a real devastation to the farming community, then, as you see it.

**Dr Colterjohn:** Definitely, but it's not just the farming community. It's the guy who works for J&H Construction and he spends half his summer doing barn roofs. They've got 16 men on the job. They fix barn roofs right, left and centre. How about the Purolator guy who drops by my office, leaves my office, goes over to Park Stud, leaves Park Stud, drops by Heather Sheehan's farm, on his way back through Gardner Farms? I mean, all of a sudden his route doesn't exist any more. The mechanic at the bottom of the hill who services my trucks: I'm not going to say I'm a big guy. I'm not; I'm a little guy. But we've sent him \$22,000 worth of cheques so far this year. All we have to do is see two or three more people involved in the horse industry quit sending their \$22,000 so far this year in his direction and we've changed his lifestyle in a hurry.

**The Chair:** Dr Colterjohn, thank you very much for presenting before the committee today.

B'NAI BRITH CANADA (DISTRICT 22)

**The Chair:** Our next presenter is the B'nai Brith Foundation, district 22: Mr Morri Behrmann, director of fund-raising development, and Mr David Colodny. You have 30 minutes to make your presentation and field questions from the committee. Identify yourselves to us so we know who is who.

**Mr David Colodny:** My name is David Colodny. First I'd like to thank the committee for allowing B'nai Brith and ourselves to come here this morning to make

our presentation to you. I am here as the chair of the financial management committee of B'nai Brith Canada, and I'm here as well to introduce Mr Morri Behrmann, to my right, who will make the presentation.

I would like to tell you something about B'nai Brith Canada. B'nai Brith has been active in Canada for over 100 years and represents Canadian Jewry's senior service and advocacy organization. We have in B'nai Brith approximately 20,000 members across Canada with the national headquarters in North York.

B'nai Brith is committed to the basic principle of people helping people and engages in charitable work and community volunteer services on behalf of all Canadians across Canada. B'nai Brith is primarily a volunteer organization and defends human rights and fights racism, bigotry and anti-Semitism through its League for Human Rights. The league of B'nai Brith is one of Canada's most respected human rights agencies, and the objects include human rights for all Canadians, improved intercommunity relations and the elimination of racial discrimination and anti-Semitism. The national headquarters includes many employees, including a full-time executive director.

I'd like to introduce Morri Behrmann. Morri came to B'nai Brith in 1991 as a full-time gaming coordinator and director of fund-raising development. His responsibilities include working with the entertainment standards branch of the provincial government, and include putting into place various cash controls and audit trails for large gaming charities and now serves as a model for use with other charities throughout the province.

We work, primarily with Morri, closely with all levels of government to ensure that all the proper controls and audit guidelines are in place. Morri has just recently become a member of the newly formed provincial advisory committee on charitable gaming. I'd like to have him present our presentation.

**Mr Morri Behrmann:** The report that we present is in as full detail as we could for the time period. What I'm going to do is go over the highlights of the report, go over the executive summary and also the introduction, and then I will go through selected sections which we believe ought to be highlighted. Then if there are any questions, I'd be happy to take them.

Charity gaming in the form of bingo has been an accepted part of Ontario culture for many, many years now. We understand that more than \$1 billion is wagered annually. Charity casinos, in an evolutionary form, have been part of our culture for the past 23 years. Both forms of charitable gaming are now a traditional method of raising funds in Ontario.

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The public has accepted the concept of the charity casino. It has voted in favour of them by their continued support. In Metro Toronto, the public has a daily choice



of up to eight casinos and to date, at our casino alone, has wagered \$1.7 million. Annualized for the first year of operation, it's probably going to be in the region of \$4 million. As I've said, we're only one of the numerous number of charities that are operating right now.

Needless to say, we and other charities have become dependent on the funds raised through charity casinos, especially in today's economic climate where to a large extent traditional fund-raising programs have diminished and it's harder and harder to put together a direct mail campaign that doesn't cost you more than you receive, or to get a corporation to take two or three tables at \$500 or \$750 a plate. Those things don't happen any more. On the other hand, the public has supported us in terms of our bingos and our charity casino.

It's also important to note that the charitable gaming industry did not happen by accident. Over the years, there's been a concerted effort by many charities, as well as the entertainment standards branch, to allow charities to develop this industry. There's been a formal recognition in the bingo area of the commercial sector. They are now licensed. The province draws fees from these people and the problems that were existent in the beginning of the bingo industry have, to a large extent, been completely eliminated. The industry runs very, very well. We're part of the bingo industry. We have been for 35 years in this province. We own our own bingo hall and control it up at Jane Street and Highway 7, and so we've formed part of charitable gaming for a long time in this province.

The recent recognition by the province of the commercial sector in charitable gaming has created what is probably the fastest-growing industry in this province, and no charity has made a greater contribution to the evolution of the charity casino than the B'nai Brith Foundation. It has done this by working closely and in good faith with the province for many years now, since 1970, and especially since the Gaming Services Act was passed at the end of last year, to design, develop and promote a safe and regulated environment that is acceptable to the public. But not only charities, but also the workers and operators who have invested millions of dollars in establishing themselves in industry, have grown dependent on the charity casino for their livelihood. The province has accepted hundreds of thousands of dollars from these individuals in licensing fees. It would be cruel to merely dismiss the charity casino and create a new class of unemployed people in Ontario.

Eighteen months ago I put a two-line advert in the classified section of the Toronto Star calling for people who were interested in learning to become dealers; 489 people applied. We had 50 tables in our auditorium set up to start training dealers for working our casino alone. Right now, we draw on a pool of about 1,500 dealers who are mostly part-time. Because we've been operating three days every single week since the beginning of

February, some of these people have moved into full-time positions. Our casino manager, for example, is someone who will work only our casino and he'll work for the maximum number of hours that we can work. There are supervisors, there are people who carry the equipment from one place to another.

Not only that, but because we're forced to move from one location to another, one benefit to the industry is that hotels and banquet hall owners derive a tremendous benefit in rents from us. There are many waitresses and people of the hotel industry, who are hurting quite badly, who have benefited from the charity casino.

And so charities like us have invested heavily in the emerging industry, have earned the right to continue operating free from interference and unfair competition. We believe that formal discussions should be held which ought to be inclusive of the charities, as well as the commercial licensed operators, and also the natives. I've had occasion to read a copy of the report that was submitted by Coopers and Lybrand and significant in their omission to talk to people were charities, such as us, for example, and also the natives. For that reason alone, at least in our opinion, that report is fundamentally flawed.

If the province decides to establish a commercial casino in Metro Toronto, we believe it should grandfather in those charities, like the B'nai Brith Foundation, which have pioneered gaming events in this city and allow them to continue to operate in a competitive way to ensure their viability and to maintain their community volunteer service programs.

One of the misconceptions that people have is that charity casinos are a brand-new part of the landscape. In fact, we began operating a form of charity casino in 1970, when the first order in council was passed allowing us to do so. At that stage these were done as small charity fund-raisers, usually as part of a much larger event, until several years later, where we assisted charities like Juvenile Diabetes Foundation Canada to run its annual larger 60-table casino.

Over the last 20 years, of course, things have become a lot more sophisticated. In 1992 we pioneered the concept of the three-day casino. We ran a pilot project at the Skyline Hotel. We ran five events. That proved to be extremely successful. It was successful from a revenue-generating point of view and it was successful because the hotel derived lots of benefit. In the initial events, we had upwards of 5,000 people passing through the hotel on a single weekend.

What was amazing is that in the entire time that we've run—and I can't begin to count how many thousands of people have come through our charity casino alone—there's been not a single incident where the police have been called in to charge anyone and to somehow assist us with matters that couldn't be dealt with at the table itself. We have always had a policy

that we have fully trained security personnel at all our casinos and also we have paid duty policemen at all our casinos. Right now, off the top of my head, I think that to off-duty policemen we alone have paid more than \$45,000.

The other point I want to make at this stage is that certain charities such as B'nai Brith Foundation have worked together in good faith with the provincial government over the years to develop the industry and to make the charity casino a place where the Ontario public feels comfortable, and they do. If any one of you has ever come to any one of our charity casinos, you will see that people come there, they don't drink, as much as we try to sell them beer, and they don't eat, as much as the hotel industry would like them to eat; they come, they sit at the tables, they gamble quietly and they go home, even if we have to kick them out at 6 o'clock in the morning, or now 4 o'clock in the morning. The fact of the matter is, they come there, they gamble, and, without being paternalistic in any way, they are well behaved and the thing works.

Most importantly, though, all funds raised are immediately circulated back into the community. Whether they come to us directly and are used for programming, whether we spend them on salaries for the various dealers, whether it goes to the hotel or the cleaners or the waiters or even the people who pick up the spinoff traffic in some of the areas in which we work, that money immediately goes back into the community. It isn't hived off to some account where the public doesn't have any control.

On page 10, I'd like just to speak a little bit about charity casinos and the way in which they've developed. In 1970, in terms of an order in council, we began Monte Carlo evenings. Then, as I mentioned earlier, various of our lodges began conducting the annual juvenile diabetes casino, which was very successful.

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When it came time for the CNE to run its casino and it wasn't going to work, it was through the lobbying of B'nai Brith that the CNE casino, which has turned out to be extremely successful, was achieved.

Then in 1991, we entered into a working arrangement with the entertainment standards branch, where the go-ahead was given to B'nai Brith to run the three-day events that we talked about. Now, as I said earlier, we believe them to be the fastest-growing industry in the province.

It gives us some element of pride to see how many people are employed. I remember when, 18 months ago, I spoke to some of the members of this department who are in this room today, and I said that we could employ so many people and we could do so many things. I'm sure they thought that was a lot of hype and salesmanship. The fact of the matter is, it's turned out to be better even than we expected.

So we ran the pilot project in 1992, and that was deemed to be successful. It was successful because we made money, and it was also successful because it showed us and showed the province that certain things have to be done in order to regulate the industry properly. So since then, we've worked together with them to determine cash control procedures, which we believe are today the finest that you'll find anywhere in the province.

In 1992, I, with a delegation from B'nai Brith, met with the Honourable Marilyn Churley. We explained all of this and told her what we hoped to do, and she gave us permission to run the three-day events in various cities across Ontario. We decided to be more prudent and concentrate our efforts in Metro Toronto. That has proved to be beneficial to us and it has worked for us. We've consolidated our position and we do well here.

Eventually, in 1992, the Gaming Services Act was passed, and as everyone knows, that legitimized the commercial sector and allowed them to participate as licensed operators. Then, of course, the limit was raised to \$10 etc.

Since that time, we've worked very hard to train personnel to run cash control systems. We, unlike some of the charities that operate at present, control all the cash facilities. There is no one who is not part of B'nai Brith who touches the cash in our casino. We ensure that we keep full control from the time the money hits the table—in fact, it doesn't even hit the table because it goes to a chip seller—to the time it hits our bank, until the time it's deposited and then reported, in terms of the working arrangement that I talked to you about earlier, on a quarterly basis with the province, and then that account is audited. We account for every single cent, and we believe that others ought to have to account too.

On page 13, I talk very briefly about our financial results. As you can see, the gross win has been \$1.7 million. The industry is very expensive to operate. It's labour-intensive, and we've paid out \$1.4 million in salaries, costs of equipment, moving from locations and things like that.

One of the reasons we've had to pay such a large amount in expenses is that we're forced to move every single week from one location to another location. It's a setup; it's a tear-down. I think someone might have designed it to create the impossibility of a permanent charity casino. Well, I think that we have the first floating charity casino, and it works, but it's expensive. So at the end I'm going to argue that really we should be allowed to run a charity casino in a permanent location, not differently than the model used for bingo halls. They work there and there's no reason why it can't work here.

The other point I mentioned in introduction, and I won't belabour it here, is that there's been a formal



recognition of the role of charities in gaming by this government since 1970. In 1990, the province undertook that "charities will receive full benefit from any future changes." Then, in terms of the Gaming Services Act, we were entitled to rely on the fact that we would be allowed to exist as an entity. We were entitled to rely on the fact that we could invest in expanding the casinos. We were entitled to rely on the fact that we'd offered people who were unemployed jobs.

I can tell you now that when I go into our casino—and I stop by every single week—and I see all these people, they come in as if this was just their regular job. The security person knows he has to stand at the door, and he just takes that as a given. The chip seller runs around and collects chips, and she takes that as a given. They don't know how tenuous is the thread by which their jobs are held. It's very difficult to take away from people that which they already have. These are people who pay \$50 a month, and a lot of them in the beginning couldn't even afford that. There are a lot of single parents, a lot of people who find it very difficult to make ends meet, and these are people who rely on the part-time jobs and some of the full-time jobs that I mentioned earlier from our casino alone.

I think any decisions that are made have to take into account—and it's very difficult for me to know exactly what the number of people is, but it's now in the thousands of people who rely on charity casinos for their livelihood. That's not to mention the hotels and convention centres etc.

I'd like to conclude by saying that charity casinos are part of Ontario culture and have been accepted as such by the public, as well as local and provincial politicians. Our recommendation is that charities and operators have invested heavily in this emerging industry and they've earned the right to continue operating free from interference and unfair competition.

The inability of gaming charities like the foundation to operate out of one permanent location restricts them to providing limited amenities. This further restricts the charity casino to low-stake gamblers and increases the cost of holding such events. We believe that charities with demonstrated ability should be allowed to operate out of one location on a basis similar to the way in which bingo halls are operated.

Many charities have invested large amounts of money in resources and personnel to develop their charitable gaming fund-raising programs. In the event that the province proceeds with the creation of a commercial casino in Metro Toronto, those charities which have pioneered gaming events in the city should be grandfathered into a situation that would allow them to continue to operate in a competitive way, to ensure their viability and to maintain their community volunteer service programs.

**The Chair:** Thank you. Two minutes per caucus.

**Mr Kwinter:** I just want to welcome you. I have a vested interest in your presentation. First of all, your headquarters is located in my riding. Secondly, it's no secret that I was the founding president of the Toronto regional council of B'nai Brith, so I have more than a 30-year involvement with your organization and I commend you for the work that you're doing.

I can't quite understand one particular point that you make. I understand under the Gaming Services Act, you're happy with that; you've been given sort of the legitimacy to do what you're doing and everything else. I have not heard any suggestion that with the advent of casinos, that is going to stop, that somehow or other you're going to be legislated out of business. I get the feeling in some of the comments you made that you'll continue to be allowed to do that.

It may be a de facto putting you out of business if they open up a casino as a competitive situation, but then you're in exactly the same position as the racetracks, which have exactly the same complaint. Could you explain that? Do you feel there's going to be a change in the legislation that will put you out?

**Mr Behrmann:** I don't believe there's going to be any specific legislation—I may be wrong—but I believe that if we're not allowed to compete in some way with the commercial casino, that will de facto put us out of business. I think that situation shouldn't be allowed.

**Mrs Elinor Caplan (Oriole):** I have a supplementary to that because the concern that you've raised is not only your ability to compete, but the protection for the charity casino organizations that rely on the charity gaming dollars for the purposes of their primarily volunteer organizations. How would you suggest protecting that in the legislation? What kind of protection are you looking for?

**Mr Behrmann:** In a word? Don't open a provincial commercial casino in Metro Toronto.

**Mrs Caplan:** Can you say that again?

**Mr Behrmann:** Not to have a commercial casino in Metro Toronto.

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**Mr Ernie L. Eves (Parry Sound):** Basically, I wanted to touch on exactly the same issues that both Elinor and Monte have touched on. Is it your greatest fear, then, that you will be unable to compete with a province-owned casino in the city of Toronto?

**Mr Behrmann:** There's no doubt that we would not be able to compete. I've seen, as I said, the Coopers and Lybrand report and it talks about if we can provide some kind of auxiliary entertainment—which we do, by the way—and if we can somehow dress it up and since we're allowed to sell beer and other alcohol in our casino, that may be some edge. I don't agree with that. If the charities don't have the same kind of limit that the province has, if we don't have the same kind of

games it has, the high rollers will definitely go there and not come to our casino.

**Mr Eves:** What do you think the effect of a province-owned casino is going to be on charitable organizations such as yours, for example, in the Windsor area?

**Mr Behrmann:** I can't speak for the Windsor area. The way I understand the Coopers and Lybrand report is that they've set up certain areas and so the catchment area from Windsor includes the United States, as does, say, Niagara, Sault Ste Marie and the various other places they've listed. Niagara would take care of a vast section of the Metro people. It's an hour's drive and it's very easy for people who are committed gamblers to do. In Metro, we have a huge charitable gaming industry and so the people who are the marginal gamblers, if I can put it like that, won't travel merely to go for whatever the marginal difference is. There's going to be obviously a cutoff point.

It's very hard for me to make any kind of recommendations because I don't know. All I can say is that, whatever happens, consideration ought to be taken of the industry as it now exists so that some way can be found for us to coexist. So that's not mutually exclusive. There's room for both of us, although from our point of view, obviously, we would prefer not to have a commercial casino in Metro Toronto.

**Mr Duignan:** Thank you for appearing in front of the committee. You made a very intelligent presentation on behalf of the charitable casinos to the committee. I just want to touch on a couple of topics. First, we're only talking about one casino and that's a pilot project in Windsor. No decision has been made to place casinos in Toronto or anywhere else in this province.

Also, I think you're aware that the ministry has formed a Charitable Gaming Advisory Committee as well. I'd like to know, are you a part of that committee? The purpose of that committee is to advise regulators on the licensing policies. I think this committee will ensure that charitable gaming will continue to flourish in this province. The members of the committee include everybody from charities, from service clubs, from the municipalities, as well as the commercial operators.

Also, on the question of permanently run charitable casinos, as you are well aware, the Windsor casino project is a pilot project for this kind of gaming activity here in this province. Given that is a pilot project that has really not yet opened its doors, I think it would be really premature to make a comment one way or the other on the possibility of a permanent venue for charitable gaming. You can rest assured the idea has not been either considered or dismissed at this time.

**Mr Behrmann:** I am very assured by what you said, but would you be prepared to make a commitment on behalf of the government that you will not open a casino here in Metro Toronto?

**Mrs Mathysen:** I'd like to thank you for coming, too. I found your presentation quite succinct. One thing intrigued me: You talked about the security and the kinds of safety mechanisms that you have at your casino. We've had people come to the committee and say this is the beginning of the end of Windsor, that it's going to become a den of iniquity and all kinds of horrendous crimes will be perpetrated all over. In your experience, in terms of your facility, what has been successful? You said you'd had no problems. Could you explain what you've done in terms of making sure this horror that is predicted for Windsor doesn't happen; your experience.

**Mr Behrmann:** I can tell you that when we opened the three-day event in February of last year, we had prepared ourselves for almost every eventuality. Not only did we have, I think, 20 private security personnel trained in casinos, but we had six paid policemen on duty at any one time. What was amazing to us is that even in terms of crowd control we never had a problem with opening. Subsequently, we went through the pilot project last year and this year we've been doing it every week. We're now down to one paid police person who stays and just watches. He's there really as a presence and we have, depending on the size of the event, three to five security personnel checking the integrity of the games from our point of view.

It reminds me of when I was studying and you're given an exam paper; you go through it and there are no trick questions and you begin to really wonder. We're sort of in the second phase where now we're looking a lot more closely at the integrity of the games, the kind of people, and so far in our experience we have not had any problem.

The representative of the police—not a single problem has been determined at our casino. There was one case where some chips that were lying around were stolen, but that was basically the fault of a particular person. But in terms of money being stolen, we haven't detected any. That's not to say we're complacent. We've worked together, as I mentioned earlier, with the province to design, develop and implement cash control forms designed specifically for charitable gaming which controls every single cent in the casino. So from that point of view we're satisfied that the money goes from the player directly to us. We're happy that's happening. We haven't had a problem in that respect.

In terms of auxiliary problems, if I can put it that way, we haven't noticed any connection with prostitution, people hanging around. We haven't had anyone being mugged. To the best of my knowledge, we haven't had cars broken into and we can have, much like a bingo hall, 200 to 300 cars in the parking lot at any of our games.

One can read into all those things whatever one wants to read into them, but in our experience, at least, we're



comfortable that we've been able to handle the situation. As I said earlier, a lot has to do with the demeanour of the Canadian public.

**The Chair:** Thank you, Mr Behrmann and Mr Colodny, for presenting before the committee today.

*The committee recessed from 1208 to 1404.*

MENNONITE CONFERENCE OF  
EASTERN CANADA

**The Chair:** Our first presenters this afternoon are Fred Redekop and Michael Bauman, representing the Mennonite Conference of Eastern Canada. Welcome to the standing committee on finance and economic affairs. You have 30 minutes within which to make your presentation and field questions from committee members. You may begin.

**Mr Fred Redekop:** Thank you very much. We are grateful for the opportunity to contribute to this discussion about casino gambling in Ontario. We do not come with expertise but with deep conviction as followers of Jesus Christ that increased gambling will damage the social and economic welfare of this province. We have submitted a longer brief to the committee written by our staff person, Doug Pritchard, and encourage that you read it and reflect upon it as you make your decision on Bill 8. The brief details the reasons why we do not want casino gambling in Ontario. In my oral presentation I want to focus on three issues: jobs, taxation and addiction.

**Jobs:** We understand Windsor has been hard hit by the economic recession and by cross-border shopping, as other border communities have been. It is tempting for Windsor and other communities to see casino gambling as a way out of these tough economic times.

The government study says the Windsor casino will employ 2,500 people and there were will 5,500 other persons employed indirectly because of the casino there.

Who will get these jobs? In an Atlantic City study, a high percentage of casino jobs have gone to outsiders. If the statistics prove similar in Windsor or other communities, and Windsor specifically, there will be only 600 new jobs filled by Windsor residents, and those jobs will not be high-paying ones. Peel Regional Police Chief Robert Lunney, experienced in policing gambling in Edmonton and Winnipeg in his career as a police officer, says:

"The good jobs will go to trained outsiders. Local jobs will be, perhaps, maintenance people, people hired to push brooms, people on garbage trucks, people who move food in and out of hospitality centres—waitresses, bus boys.... You are not going to get high-paying middle-class jobs."

For example, at the Winnipeg casino, the majority of the workers earn between \$14,000 and \$24,000 per year, well below Manitoba's average employment earnings of \$25,500.

In addition, casinos are also not a windfall for local businesses. Windsor casino adviser Nelson Rose says that, "Gamblers tend to gamble and leave." They don't tend to come early to shop outside the casino but they take the favours that are within the casino. They don't shop outside the casino after they leave either.

In Atlantic City, after gambling was introduced, manufacturing in that city dropped by 54% and other businesses by 28%. As this statistic indicates, not only will a casino in Windsor not help local businesses but could easily lower the consumer spending in long-standing small businesses. The casino will not have positive spinoffs but will have many negative impacts to the economic and industrial base of the community where casinos will be set up.

Finally on the issue of jobs, the Ontario government promised to present an industrial strategy for economic development in early 1992. Where is this document and where is the policy? Has the government resorted to gambling as a source of jobs and economic growth? We believe that the overall economic growth will not be served by allowing casino gambling in Windsor.

My second major point, on taxation: Governments have a responsibility to raise revenue in a fair and equitable way. The present government has shown a particular concern in innovation in setting up the Fair Tax Commission and through various progressive taxation measures introduced in the provincial budgets. It is therefore astounding to us to see the casino gambling as a revenue-raising measure.

The New Democrats have viewed gambling in the past as an unstable base for government finances. J.S. Woodsworth, leader of the CCF, a predecessor to the NDP, said in 1934, when a government proposal wanted to establish a hospital sweepstakes, "If any man should be taxed, it is the man of wealth who ought to look after the poor and the sick."

Casinos and other forms of gambling have shown that those of low income are the most frequent users. Therefore, this proposal to have casino gambling in Windsor acts as another form of tax on those least able to afford it, completely conflicting with the long-standing fair tax NDP principle.

Dave Barrett, former NDP Premier in British Columbia, commented on the issue of gambling by saying:

"It is simply a regressive and unfair form of taxation that lower-income people pay. We hadn't intended it that way, but that is the way it worked out. The poor are the biggest buyers, and the wealthy rarely, if ever, participate at all."

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Even the current Ontario Treasurer, Floyd Laughren, believes it is not ethical to use gambling profits for essential services. In 1990 he said:

"I think most people felt from the beginning that

essential services in Ontario should not depend on lottery profits.... When it comes to health care, education and, I would argue, the environment as well, it is not the same. Those are absolutely essential services which we must provide. That is not something that should be dependent on games of chance.... It should not be a form of voluntary tax. Those essential services should be funded by the tax system of this province, not through games of chance."

In summary on taxation, the low-income person will bear the brunt of this regressive tax. In promoting casino gambling as a revenue measure, the government is abandoning its own principles of fairness in taxation.

Thirdly, addiction and compulsive gambling: Compulsive gambling is defined as:

"An addictive illness in which the individual is driven by an overwhelming, uncontrollable impulse to gamble. The impulse progresses in intensity and urgency, consuming more and more of the individual's time, energy and emotional and material resources. Ultimately, it invades, undermines and often destroys everything that is meaningful in his/her life."

Gambling addiction is well known to community and social workers. Persons gamble away their winnings, and when they lose they do not learn but continue to gamble. They borrow so that they may continue to gamble and often in the end resort to theft or fraud to fulfil their addiction. The most distressing aspect of this gambling problem is the impact it has not only on the gambler but also on his or her family, friends, colleagues and employers.

As casino gambling enables more people to gamble, it will fuel the problem of compulsive gambling and the multitude of dysfunctions it causes. In Ontario, there are no treatment programs for compulsive gamblers, but I do not want to ask the government to set one up to combat the problem exacerbated by allowing casino gambling in Windsor. That, to me, would seem to be a paradox. Recently, the government threatened to cut off the \$75,000 grant to the Canadian Foundation on Compulsive Gambling because of lack of money.

We believe it is irresponsible to allow casino gambling because of the damage it causes to the social, medical, psychological and economic lives of people who are compulsive gamblers.

I would invite you now to turn to page 11 of our brief, where you can see the recommendations we want to give to you. It's the final page of the brief.

Recommendations: Based on our submission, we make the following recommendations:

(a) The social and financial costs in the casino proposal are real, high and well documented. The job and revenue benefits are illusory. We therefore recommend that the government abandon its casino proposal.

(b) We recommend that the government severely

restrict the promotional activities of its gambling agencies, such as the Ontario Lottery Corp, and that such agencies be required to advertise the health risks of gambling and the true odds against winning.

(c) We recommend that the government acknowledge the extent of the damage caused by compulsive gambling and that it establish adequate facilities in Ontario for the treatment of compulsive gamblers.

**The Chair:** We have seven minutes per caucus.

**Mr Eves:** I've skimmed through your brief and I think it's a pretty well-thought-out submission. I'm looking at your second set of recommendations on page 11, which say, "However, if the Ontario government decides to establish a casino in Windsor, we would make the following recommendations." In those recommendations I think you probably are dealing with reality, because I think it is probably a foregone conclusion that the Ontario government is going to proceed with the casino in Windsor.

I'm interested in recommendation (e): "Based on the experience in Nova Scotia, we recommend that the government ban the use of video lottery terminals anywhere in Ontario."

We had a presenter yesterday who made a submission to the committee indicating that indeed her association would like to see VLTs in every licensed establishment in the province of Ontario, virtually. Some of us asked her questions about the experience in Nova Scotia and the difficulty they were having, and she differentiated between the experience in the maritime provinces and the experience in some of the western provinces where she thinks they have been very successful and haven't created many problems. I just wondered if you could further expand on your recommendation (e).

**Mr Michael Bauman:** On page 7 of the larger brief, we talk a little bit more about that. In the fourth paragraph we mention the video lottery terminals. The Nova Scotia government immediately began to reap huge benefits and large profits. However, suddenly they decided, because it became so addictive, and so easily addictive, that they had better do something about it, so they started restricting it. There were some economic benefits to the local business establishments that had those terminals. The abuse of those machines was just too great for them to bear, so they had to cut back. So despite this revenue bonanza, the paradox for the government was that it had to cut back.

We're very concerned about that possibly happening here, that more and more people will become addicted to gambling because of the easy access to these machines, underage people etc. There's a lot of underage gambling now because lottery outlets do not ask for identification. If they have unmonitored machines, people can go up and get lottery tickets or whatever or gamble in other ways. We're asking for a lot of young



people getting involved in something that's quite dangerous.

**Mr Eves:** Several people who appeared before the committee in Windsor, including the mayor of Windsor, suggested they might want to have an age restriction of 21 years of age on a casino there. I believe the current proposal is for 19, which is the legal age of majority in Ontario. What are your thoughts on that matter?

**Mr Bauman:** Our thoughts are that we don't want any of it but, obviously, the higher the age, the better for sure. If we can say 21, how about 71, maybe?

**Mr Eves:** That would eliminate a lot of people.

**Mr Redekop:** In response to your question about VLTs, also it is a quick fix with a small amount of money, and that would again target low-income people. We would also be distressed about that.

**Mr Eves:** It's a very regressive form of taxation.

I'd also be interested in hearing your thoughts on your recommendation (d) about prohibiting gambling based on credit, because it has been the subject of some discussion in the Ontario Legislature as well.

**Mr Bauman:** I'm not sure where, but somewhere in this there are more details, but basically I thought: Credit encourages the black market, allowing people to ring up a tab, so to speak, and having that unrestricted, you get into thousands of dollars, you don't have the money to pay and you're going to get all kinds of bargains from the wonderful black market.

According to studies that are highlighted in the document in terms of organized crime, every place where there's been gambling, Atlantic City, Britain, Australia, you name it, every city shows that organized crime is a major part of its establishment. To think they're not going to come into Windsor or anywhere else in Canada where a casino is I think is pretty naïve. That easy access to money to pay off the credit would only get them, obviously, into more trouble with organized crime.

**Mr Redekop:** Also, we mentioned addiction and compulsive gambling. This would also be a detriment to the compulsive gambler because they would be able accrue even larger debts more quickly, and the social aspects of that to families is very destructive.

**Mr Duignan:** I want to return to the question of casino credit. With respect to casinos, the term "credit" is a misnomer, really. It would be more accurate to describe credit in casinos as pre-approved chequing. Credit is allowed in most jurisdictions which permit casinos, which have stressed the importance of using credit in order to discourage crime, since a paper trail left by the granting of credit discourages the laundering of money. That's another important aspect of allowing what we call pre-approved chequing within the casino.

Patrons do not buy casino chips with their credit cards; that is not allowed. It has to be pre-approved, and

it is something that's arranged prior to a patron actually going to the casino. Six or eight weeks, I believe, are required; it could be a longer period of time. Only pre-arranged lines of credit will be allowed in Windsor casino after a patron's creditworthiness has been investigated. That's a more thorough check, for example, than is done in the banking industry today.

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**Mr Bauman:** How much of that is different from what has been happening in other casinos? Why are there such large problems with that in other casinos, and what is being done for the Windsor proposal to make this not a problem?

**Mr Duignan:** Again, as I stress, it'll take about six to eight weeks, it's pre-authorized and there's a thorough check on the individual's creditworthiness first—for example, has the guy got money to back up his application for credit?—and I think there's a limit of \$10,000. And as far as I know, it's not a problem in other jurisdictions.

**Mr Redekop:** In a way, that would maybe exacerbate the problem of crime. If people have to wait six or eight weeks to get pre-approved chequing and they really want to gamble, they might go somewhere else.

**Mr Duignan:** Well, anything is possible.

**Mr Redekop:** Yes, and that's why we do not want casino gambling, because of the many possibilities. In our brief, Doug Pritchard mentions that there are many risks and we see few benefits to the people of Ontario.

**Mr Duignan:** Let me again underscore that credit is a service which provides safety as well as convenience to patrons who will not have to carry large sums of money when visiting the casino, and the person who doesn't have a good credit history is not going to get a line of credit, and it has to be pre-approved.

**Mr Sutherland:** I wanted to just explore with you a little the theory that casino gambling is a tax on the poor. I know there are people who have said that, and you've repeated those comments. I just want to know how you see that that ties in with empowerment theories, that if you allow people to make their own decisions in most cases they will make the right decisions, but in those cases where they don't, it's still letting people make their own choice. I don't quite follow this argument about a tax on the poor and that the poor are going to be so hard done by. It implies a degree of paternalism. Could you comment on that?

**Mr Bauman:** Your concern about patronizing low-income people in the province is well taken, but I think we have to look at reality. We have to look at the figures on who actually gambles and we also have to look at the fact that people of low income usually are of less education. Less education means that people are less able to realize their chances of winning and are probably also unaware of the possibility of addiction.

Credit and that whole convenience idea is pretty neat to everybody. I think we all know people who maybe are of low income, medium income or high income who get into credit problems because they like going shopping and they get a huge bill the next month and they realize that they kind of overspent their limit and they get into trouble. Those people who are of middle and upper incomes don't have much of a problem with that. The people of low income will suddenly have to not eat for a month or not pay rent for a month and get kicked out of their building or whatever, while of course the rich person can just write a cheque; they were going to go on a trip for three weeks and now they can go for only two and a half or whatever. I think that's one reality that needs to be taken.

My personal experience in areas where there have been lotteries—I lived in Chicago several years ago and I lived in a poor section. In the poor section, there were signs all over the place, "Go from 66th Street to Easy Street." There were signs everywhere. When you'd get to the higher-income levels of town, the nicer parts, there were no signs at all. The reason is that they knew the people of lower income were the people who were gambling and the people who were more susceptible to it.

If the Ontario government would actually use its advertising on lotteries to share the truth about gambling as well as giving them the choice, saying, "It's available, but here are the risks," like you do with cigarettes and as you do with alcohol at some level, with warnings about drunk driving, then at least it would be giving everyone a fairer chance of not getting involved in this area.

**Mr Redekop:** Studies have shown that low-income people do gamble more than other people. Since the establishment of the Ontario Lottery Corp, the government has moved away from control to revenue maximization. If you find that your market is low-income and your philosophy is to have revenue maximization, I think the advertising of the Ontario Lottery Corp will move in that direction, and I think that's a bad move, to target low-income people.

**Mr Kwinter:** I was interested in a couple of items in your report. One was a quote from Howard Hampton and Margaret Beare in a report they wrote for the government of Canada, in which they said:

"Wherever casinos are found, they are inseparable from organized criminal activities. Virtually every study undertaken in the United States, Britain, Australia and elsewhere points out that casino gaming, whether illegal or legal, encourages organized criminal activity. If a jurisdiction is not willing to accept this involvement, it should not get involved in legalized gaming."

Yet in Windsor, we had the Minister of Consumer and Commercial Relations state that this will not apply to Ontario. It doesn't matter if it appears virtually

everywhere else in the world; Ontario is going to resolve it and organized crime will not be here.

We've had deputants appear before us from the horse racing industry saying that every single report has shown that if casino gambling comes into a jurisdiction, it has a negative impact on the horse racing industry, to various levels; people are talking about how much effect, but it has it. The government is saying: "No, no, no, that's not a problem. It may be very minimal, but it's more your fault than our fault, because you're not marketing it properly."

We have people involved in charity gaming who are concerned that their operations are going to close down and that they will not be able to compete. The government is saying: "No, no, they are two separate things. You're going to do your thing and this is going to do this, and one has got nothing to do with the other, because the people who go to you are not going there."

That is a problem that I think is basic, in that the government, almost with blinkers on, is saying: "Damn the torpedoes; full speed ahead. This is what we're doing, and don't confuse us with the facts. We've made up our minds on this thing and let's do it." Do you have that feeling about it?

**Mr Bauman:** Unfortunately, we do.

**Mr Duignan:** The Liberals have changed their minds again. They were all in favour of it in Windsor and now they've changed their minds.

**Mr Bauman:** This is not a partisan delegation we've brought here. We are very much in support of the NDP's policies in terms of the Fair Tax Commission it set up. We think that's a wonderful idea and a wonderful thing that they should be encouraging more of. This is why it's so astounding to us that some of the NDP principles are being violated if this bill goes through. So we agree with you on this point.

**Mr Kwinter:** One other quote that really caught my attention is at the bottom of page 7. It says: "Government has a responsibility to control and minimize the harmful impact of gambling on society. This responsibility cannot be fulfilled while simultaneously maximizing gambling revenues."

Just to answer the parliamentary assistant, I have not changed my mind. I don't have a problem per se with a casino, even though I may not support it on a personal basis. Where I do have a problem is the feeling on the part of the government that these proponents are all Mother Teresa, that every one of them has the common interest at heart and that they are going to go out and do all of these wonderful things for everybody, when in fact this statement I think is closer to the truth, that there's going to be one driving goal, and that is both on the part of the government and on the part of the proponent who is going to get it: to maximize the take out of it. Otherwise, why are we here?



I think there is a naïveté, and you've stated that you think this proposal is naïve, and that is my concern. Not necessarily casinos, but casinos if necessary, but at least, if you're going to do it, don't wear these blinkers to think that everything is going to be great and that all these wonderful things that are going to accrue to us are going to accrue without any cost. That is my concern and I gather from you that you're obviously opposed to it, but then you say in your recommendations, "If you're going to do it, then at least address some of these concerns." That is my concern, that these concerns are not being addressed.

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**Mr Redekop:** In Winnipeg, I think they still have a restriction on the largeness of the casino. Partly, that is in order to minimize organized crime and crime around the casino, and we know that in the Windsor proposal there is no restriction on the size, so again that's something we want to say: that you will do that when setting up the casino, which we are still opposed to.

**Mrs Caplan:** I think it's a fair statement Mr Kwinter made, that the government is proceeding. One of the other concerns I have, having been on this committee over the last week and listening to the deputations that have been made, is that not only are they closing their eyes to the problems that everyone has identified and that they're candidly ignoring, but there's also the concern about what will happen when Detroit competes and all the safeguards that the government has said it has put in place will make it impossible for Windsor and all the businesses that were hoping this would be a stimulus to the economy.

There will be only two choices. I think once the infrastructure is in place and the jobs are in place, the temptation will be to wipe out all of the safeguards and to compete with Detroit, or we will see Windsor once again in a state of distress because its hopes have been built up and everybody was expecting economic prosperity as a result of this.

I would ask you to comment on what you think will happen when Detroit responds by opening casinos that will allow for all those things that the government of Ontario says it's not going to allow in Windsor across the border.

**Mr Bauman:** There has been an ongoing problem, I believe, as a kind of a personal opinion, of trying to maximize profits in many areas and becoming very Americanized in many ways. I've lived in the States for most of the last 10 years of my life. I love Canada and I love Ontario very much and hope that a lot of the things we've set up in terms of safeguards would stay, including those that I hope are put in if this does go through, but I'm certainly scared that they would drop them. Anyone who's been to Windsor and Detroit definitely can see a difference at this point, and I hope and pray that this government, which has been a huge

proponent against becoming Americanized in many issues, which I generally support, continues on this and does take its primary responsibility as a government to be the welfare of its citizens and not the maximization of profit. I do realize that the profits obviously are used for the people as well, but the problems we've identified are much greater than the money this might bring.

**The Chair:** Thank you, Mr Bauman and Mr Redekop, for presenting before the committee today.

CANADIAN THOROUGHBRED HORSE SOCIETY  
(ONTARIO DIVISION)

**The Chair:** The next presenters are Dr John Brown, Glenn Sikura and Nigel Wallace, representing the Canadian Thoroughbred Horse Society. Please identify yourselves so the members of the committee and Hansard will know who's speaking.

**Dr John Brown:** I'm Dr John Brown.

**Mr Glenn Sikura:** My name's Glenn Sikura.

**Mr Nigel Wallace:** My name's Nigel Wallace.

**The Chair:** You have 30 minutes to make your presentation and field questions from the members.

**Dr John Brown:** I believe you all got handouts, so you can follow on if you want.

First of all, as a representative of the CTHS, we'd like to thank you for the opportunity to present our views on this controversial item. It's got a second advantage for me today: If I weren't in here with the air-conditioning I'd probably be in the hayfield, and this is a good day to be out of the hayfield.

**The Chair:** That's for sure.

**Dr John Brown:** We could maybe have had the meeting in the hayfield and you could have all joined us there.

**The Chair:** Having been one who's done a lot of hay in my life, I can sure appreciate what you mean.

**Dr John Brown:** I think you present us with a formidable task here. The government is obviously intent on raising dollars by any means possible. I think we all realize their plight and sympathize with them. I'm sure most Ontario citizens are now convinced of the deficit situation and most are willing to help.

The destruction of one of Ontario's major industries, namely, the horse racing and breeding industry, is not the way to achieve the solution the government seeks.

The Canadian Thoroughbred Horse Society represents 600 members in Ontario. There are six provincial divisions of the society across Canada, so we're just one segment of it, the largest segment of the Canadian Thoroughbred Horse Society.

The function of the Canadian Thoroughbred Horse Society is to register thoroughbred horses in this country, market those horses and represent the membership in matters that pertain to the wellbeing of the industry. In other words, the breeding industry produces the

product that fuels the industry to keep it going, and we look after all the matters that pertain to the production of that product.

Our membership encompasses from owners of one mare, to full-time small farmers with five or six mares on an acreage, to multimillion-dollar enterprises that have produced world-class, world-famous racehorses. The breeder is the engine that drives the racing industry. Without our product, there is no business.

We are convinced that the introduction of casino gambling to Ontario will destroy or severely damage Ontario's horse racing industry, and in so doing deal yet another crippling blow to Ontario agriculture.

The Ontario Federation of Agriculture, a member of the Ontario Agriculture and Horse Racing Coalition, has voiced its concern about a further erosion of the agricultural base. Not only is horse breeding an agricultural business in its own right, but our industry also purchases over \$350 million worth of hay, straw and grain from Ontario farmers annually, as reported in the Dunning report of 1987. It's probably in excess of that now. In addition, the industry supports dwindling farm machinery dealers and automobile dealerships.

Many of our farms are located in small rural towns and are often a major, if not the biggest, source of employment and purchasing power within that community. These farms employ local labour, buy from local farmers and feed mills, purchase building supplies, buy and service farm vehicles and machinery, hire summer students and utilize the services of local veterinarians and blacksmiths. They make a significant contribution in property and business taxes.

In my situation alone, my economic budget annually is in the neighbourhood of \$500,000 to \$600,000, and a very large percentage of that goes directly to the small town of Lucan, from which I hail, and the surrounding area. Glenn can maybe give you an idea of what his impact is as one farm.

**Mr Sikura:** I am involved in a family farm. We have my brother, my father and myself and about a half a dozen full-time employees. I broke our estimates down a little. I estimate probably in the neighbourhood of \$150,000 in staff wages to the local community. We order about \$1,200 of feed per month from the feed company. Our trainer at the racetrack receives monthly dividends of about \$9,900 to train our horses that are presently at the track. Our farm vet receives approximately \$1,500 monthly, the track vet \$400 monthly, the farm blacksmith \$500 monthly etc. Last year we spent \$105,000 on stud fees to local farm owners who stand breeding stallions. Hay and straw we estimate at around \$1,500 per month, and there are all kinds of other costs: sales staff, signage, advertising, office supplies, hydro, phone and various capital expenditures that we make on the farm.

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**Dr John Brown:** So you can see that from just two average farms, or a little larger than average, the impact is significant on this community.

As the wagering handle drops at the racetrack, the purses, or prize money, also drop accordingly. Woodbine has already seen a 14% decrease in purses in 1993. This decline in wagering is attributed to (1) the economy and (2) the plethora of alternate gambling options. As the purses drop, so does the margin of profit for the owner. As owners leave the business, the need for our product declines, which in turn lowers the quality of racing and subsequently the volume of wagering.

The trickle-down effect of the dollar bet at the racetrack can be followed through the purse money into the hands of the owner and subsequently to the trainer, employees, service suppliers and eventually the breeders.

The government has continually stated that it is "fully committed to the horse racing industry remaining a full and active player in the gaming industry." The government has further said that when the province asked private sector companies to submit their bids for the Windsor casino, everyone was clearly asked to outline what proposals they had to boost business at the Windsor Raceway. It is unrealistic for the government to believe that a casino operator is going to look after the interests of racing.

We believe that the new gaming policy has been driven by the economic crisis with resulting haste. The decision to introduce casinos was made by the government prior to any studies being initiated within the province by the ministry concerned. Since that time, the only study that has been commissioned by the government, Coopers and Lybrand, states that "it is expected that the racing industry may also be vulnerable to the introduction of casino" gambling.

Horse racing is unique and stands alone as the most expensive gaming vehicle. It is expensive because it is truly an industry. Its product, the horse, has to be bred, raised, sold, trained and showcased in Ontario. Over the years, the sale of horses to foreign markets has been a considerable agricultural export for the province. There are no exact figures, but I know that within the last few years we have reached levels in excess of \$20 million in exports from auctions alone, and there are several private transactions as well.

The attendant expenses, costs and investment are the reason for its huge \$2.2-billion annual contribution to Ontario's economy and employment over and above its tax revenue.

We have continually emphasized that racing does not have a level playing field. The government takeout from racing is based on a monopoly that no longer exists. At one time, racing enjoyed 100% of legalized wagering in



Ontario. It now represents only 27% of legal gambling in Ontario, yet racetracks will be forced, with declining betting and attendance, to try and match the promotional budgets of lotteries and Pro Line. The latter two gambling alternatives pay nothing for supply of product and no tax.

In one sense, it's amazing that the horse racing industry has survived as well as it has when you consider the fact of these figures. At one time we had 100% of the legalized wagering in Ontario; now we're down to 27%. So we have a very resilient industry, and with any help at all we'll survive and flourish.

In effect, the government is both our legislator and our competitor. Not only is the tax takeout from racing higher than lotteries and higher than the tax proposed for casinos, but it is also one of the highest in North America. The current rate is twice the North American average.

In a report on gambling in Ontario prepared by Christiansen/Cummings Associates (1992) for the Ontario Ministry of Agriculture and Food, the consultants state that "Ontario parimutuel tax policy is way behind the times in that the Ontario government is still trying to extract monopoly tax rates from a horse racing industry that no longer enjoys a gambling monopoly."

The report went on to say: "Ontario needs to re-evaluate its taxation of horse racing in the light of contemporary market conditions. If Ontario doesn't do this it is going to lose its horse racing industry."

A review of published studies brings us to several conclusions with regard to the impact of casinos in Ontario:

(1) Somewhere between 9,000 and 18,000 jobs will be lost in the first two years.

(2) Tracks will close. Many Ontario tracks are presently only marginal operations. Fort Erie is already a well-documented case. It is estimated that the closure of Fort Erie racetrack would mean a loss of 4,500 jobs and a loss of payroll, for an already devastated community, of \$38 million.

In a recent article in the Windsor Star, August 17, the owner of Windsor Raceway, Mr Tom Joy, says that in the last three and a half years he has lost \$10.5 million and that the track may be forced to close before the end of the 1994 racing season next March. Mr Joy is quoted as saying, "The way the economics are now, despite all my best efforts, despite everything I tried to do...unless there is some relief I'm simply not going to be able to continue operating."

(3) Other tracks are known to be having similar difficulties. These tracks create local employment and economic benefits.

(4) The immediate reduction in wagering on horse racing is likely to be 30% or approximately \$330 million based on the experiences of other racing jurisdic-

tions where casinos have been introduced.

The results speak for themselves. Statistics show the following results when casinos were introduced into a horse racing environment:

Manitoba: 40% decrease in wagering at Assiniboia Downs at Winnipeg; forced closure of the winter harness racing meet; 30% decrease in wagering in summer thoroughbred meet. Assiniboia Downs is now in severe peril and may not continue to operate.

Minnesota: The thoroughbred track was unable to survive after the introduction of casinos, and closed.

Wisconsin: 50% decrease in wagering.

New Jersey: 33% decrease in wagering; 27% decrease in attendance.

Deloitte and Touche, chartered accountants, estimated in a report concerning a proposed casino facility in Chicago that such a facility would cause a decline of 20% or more in revenues at Illinois racetracks.

The Coopers and Lybrand report suggests that the city of Toronto could accommodate up to three casinos. The Ontario Jockey Club operates the two thoroughbred racetracks in Toronto. The downtown track, Greenwood, posted a decline of 22.7% in the average daily handle at the 1993 spring meeting. Woodbine figures through Sunday, August 8, show an average daily wagering decline of 7.2%. This decline is despite intertrack wagering for the first time between Greenwood and Woodbine during the months of June and July.

The advent of teletheatre wagering in Ontario provides a tool for racing to penetrate new markets. However, those markets where tracks do not already exist are comparatively small and will not make up the difference in handle lost through the introduction of casinos to the larger centres.

In the report on gambling in Connecticut, Christiansen/Cummings Associates stated that between 16% and 35% of the respondents to their surveys of parimutuel betting customers indicated that they would spend less at each parimutuel facility if a casino were located within a one-hour drive. The Coopers and Lybrand report indicates under the heading "Ontario Residents Estimated Change in Wagering Habits Caused by Casino Gaming" that, in the category of high stakes casino gamblers, 23% will spend less at the track. It is well known at racetracks that the high-stakes gamblers bet an inordinate proportion of the daily handle. If high-stakes casino gamblers were to spend 23% less at the track, it would have a serious impact on the wagering.

In the OMAF report Christiansen/Cummings Associates stated, "Let there be no mistake: Casinos would make a substantial adverse effect on Ontario tracks, and therefore on Ontario breeding, and therefore on racing and breeding industry jobs and tax revenue."

Why does the government insist on introducing an additional forum of gambling, casinos, when an existing

one, horse racing, if fairly taxed and nurtured, could increase employment, have a greater economic impact and produce greater revenues for the government?

We urge the government to stop its present casino initiatives.

Present parimutuel taxes, established during racing's days as a monopoly, must be eliminated or reduced to a net of 0.5% to government as in New Jersey in light of the existing government-sponsored competition for racing from lotteries, sports lines etc. Racing is viable and produces substantial revenues. Our problem is how the pie is being cut.

The government is giving a competitive advantage to its casinos over our industry, which it also regulates.

There must be consideration given to the balance between live racing and simulcasting to protect the live product and hence the breeding industry.

In summary, I'd like you to ask yourselves three direct questions and answer them personally and honestly:

(1) Do you honestly believe that gambling casinos are for the overall good of the province and its citizens?

(2) Do you believe casinos will significantly harm the horse racing and breeding industry?

(3) Has the government, by being in direct competition, made it increasingly difficult for the horse industry to compete with the other forms of gambling?

(4) Has the government done enough of an economic feasibility study to determine whether the financial benefits of casinos will outweigh the losses to our industry? That's our presentation.

1450

**Mr Sutherland:** If I read your presentation correctly, I'm left with the impression that you're implying that the Fort Erie racetrack could close because we're opening a casino in Windsor.

Neil Campbell, the respected sports writer who covers horse racing for the *Globe and Mail*, has a column today talking about industry infighting. He seems to blame some of the problems of the difficulty the racing industry is facing on the industry itself. He is quoted as saying in one paragraph here: "It's typical of what is going on in the industry these days, though. Everyone is fighting for their own piece of turf and the turf is getting pretty worn." He goes on to say: "Many thousands of jobs are going to be lost in racing in Ontario during the next few years. It's going to happen one of two ways. Either tracks will do the sensible thing and cut back live racing on their own, or the fans are going to continue to desert the sport in droves, fed up with inane repetition."

There's increased competition whether there are casinos or not. What is the industry doing to respond to that increased competition? We've heard testimony

about the demographics for horse racing in terms of the people coming out that it's an older population, it hasn't been attracting a lot of new numbers. He talks about a small crowd at Woodbine for the stakes on Sunday. What is the industry doing to deal with real competition? Mr Campbell seems to be implying that job losses are going to occur whether there's a casino or not.

**Mr Wallace:** The second part is a very long, very complicated question. But racing is going through right now a similar turmoil that most businesses are going through, where we're having to cut costs and get rid of things on the exterior parts of racing that are not money-producing and are in fact costing for survival. That is certainly not something that's different than any other business is going through. I think you'll all agree that when businesses or industries are going through change, there's going to be a lot of turmoil within the industry and people are going to worry about job security and so on. Social contract talks have certainly demonstrated that recently. It's the same in our industry.

What we are trying to do is make ourselves stronger by cutting back in some of the weak areas, hence Greenwood being sold so that things can be concentrated at Woodbine, have a teletheatre at Greenwood where you can bet on Woodbine so you can still get the betting from downtown but not have to run two facilities. Certainly that is going to change the job picture in that situation.

Smaller tracks are in serious trouble because of the levels of competition and how expensive racing is to run. Those smaller tracks are very much on the edge. What we're saying is, though, that racing is labour-intensive, it is agricultural-based, it is viable. It's going through difficult times and it doesn't need the straw that's going to break the camel's back, which the introduction of casinos will do. It doesn't need anything else that's going to help it slide further down the hill.

What we're asking the government is to consider, will the bringing in of casinos be good for the province? Will it create all the jobs and not create a great deal of difficulties in other areas? As far as our own industry is concerned, we believe it will. So what we're asking is, why don't you take into consideration a labour-intensive industry where you can see where the \$2 wager goes, how it trickles down through all the different people's hands and creates employment as opposed to just going into a machine or on to a table?

**Mr Sikura:** You mentioned infighting. That's certainly true, and as Nigel said, because the industry is in some peril at present, everybody is maybe fighting for their own turf. But no matter which association, which horse group you talk to, they're pretty unified as to their distaste for casino gambling.

With regard to what we're doing for ourselves, I can speak on behalf of the Canadian Thoroughbred Horse Society, which has seen its budget reduced greatly. We



do everything we can to get sponsorship. We do our best to get local people, horse breeders, people who do what we do for a living, to support the industry. We had a program on TSN that we supplied a great deal of information and finance to. They found it more profitable to move on. As the money got tighter, it was more difficult for them to produce their program.

We have tried to create other markets. We went out and created a sport and leisure program, so we're showing that racetrack horses can do more than just run around an oval. We've tried to produce another outlet for the distribution of these horses, the show jump people, hunters, jumpers etc.

We have advertised in publications, including Chinese publications, thinking that that might be a way to get some of the new Canadians involved in our sport and our business. We have dedicated all the income raised from our dinner/dance over the past several years to the CTHS advertising and marketing budget.

The Ontario Racing Commission, which is now in charge of a great deal of our marketing budget, does what it can. They spend \$50,000 or \$60,000 to promote our local sale to Americans and locals alike with the idea being to get more people involved in our business.

So that's the little bit we can do. We can't do so without money, though.

**Mrs Caplan:** That's a very impressive list of initiatives and also I think an important recognition of the changes that are going on within your industry, but I take it the bottom line for you is that, notwithstanding everything that you're doing and the recognition of the changes, you feel this initiative of the government is going to make matters somewhere between worse and impossible for you to work through at this time.

We've heard a number of organizations from the racing industry express their dissatisfaction with the level of not only consultation but of real assistance that has been coming. We've heard from the parliamentary assistant and others that the response that you've received is, "Don't worry; we'll look after you." The request for proposal contained a clause saying the way they were going to look after you is by having the proponent of the new casino look after you.

I guess it's been a general theme that we've heard, but given the reality that this government is going ahead with the casino in Windsor, one of the things we've heard and I will acknowledge that you were really clear on was the lowering of taxes. Is there anything else that this government could do to facilitate this difficult time for your industry since it seems to be determined to go ahead with the Windsor casino? One we know is the reduction of the tax rate that you pay so that it would be the same as New Jersey's. Is there anything else that you would recommend that would be an assist to your industry? Now is your chance to get it on the record.

**Dr John Brown:** I've never had that question posed before, so really I haven't put much thought into it. The reduction of the tax is the main thing, and with that added income we can then take the initiatives we would have to to enhance the industry. There's a multitude of things that could be done to make horse racing more of an entertainment business, I think, within the province to compete with the lotteries and gaming and baseball and hockey etc. In the last few years our being strapped for cash is probably one of our major problems as far as promotion, but how the government can help—

**Mrs Caplan:** Let's say the government were to agree to reduce the tax so that the resources were available. Do you think it has a role in getting everybody to the table, where you have this kind of infighting, as an acknowledgement of the stresses and pressures on the industry and maybe help with the development of a strategic plan that might help the industry?

**Dr John Brown:** If they were reducing the tax I think they would be welcomed at the table and—

**Mrs Caplan:** But you don't want them at the table unless they are going to reduce the taxes first?

**Dr John Brown:** Basically, yes.

**Mrs Caplan:** That's fair. I appreciate that. Mostly what they've been doing in the last little while is putting up barriers for you.

**Mr Sikura:** What drives our industry, like anything else, is the ability to make some profit. If we can do so with purses at the racetrack it filters down. If the racehorses are racing for less and less money, people who own horses are either going to get fed up and not participate or they're going to be prepared to pay us less for our end product, and that hurts us.

It still costs us the same amount of money to raise a product. Outside of declining stud fees, which has occurred over the past few years, we still have staff to pay, we still have hay, we still have feed. These things don't go down along with the purses. These things continue to go up while purses are going down. Yearling prices have been absolutely obliterated in the past few years. We used to average in the vicinity of \$60,000 at our select sale here at Woodbine; we're down to \$27,000. There are not too many horses we can produce at a profit for \$27,000.

**Mrs Caplan:** I know how frustrating it must be for you. We've heard the parliamentary assistant and members of the government caucus on a few occasions take the attitude that the problems are there without the casino and that—

**Mr Duignan:** It's your interpretation, Elinor. It's certainly not ours.

**Mrs Caplan:** What you said, Noel, was that it's their own fault.

**Mr Duignan:** No, I didn't say that.

**Mrs Caplan:** It's on the record in Hansard and you've been quoted as saying that. I understand their frustration.

1500

**Mr Duignan:** That's not true, and you know it.

**Mrs Caplan:** That is exactly what he said.

**Mr George Dadamo (Windsor-Sandwich):** That's not true.

**Mrs Caplan:** Check the Hansard; it's exactly there. I understand their frustration.

**Mr Duignan:** You did a great amount for the horse racing industry when you were in power.

**Mrs Caplan:** Yes, we did.

**Mr Duignan:** You did nothing, as usual.

**The Chair:** Order. Mr Eves has a question.

**Mr Eves:** On page 3 of your submission, your two bold-type statements really say it all: "We have continually emphasized that racing does not have a level playing field," and "In effect the government is both our legislator and our competitor." Isn't that the crux of the problem here?

**Mr Wallace:** Yes, it is.

**Mr Eves:** At one time the horse racing industry, in terms of gaming, had a monopoly in the province of Ontario. Now that monopoly has been reduced to 27% of the gaming dollar and is about to be reduced, in reality, even further. Government is in effect using taxpayers' money, some of which is your taxpayer money as well as everybody else's in society, to subsidize other forms of gaming, be it a lottery, be it Sport Select, be it government-owned casinos. They're taking your tax dollar and turning around and using it to compete against you. I understand your frustration. I definitely think the province has to address the issue of your parimutuel tax, because I couldn't agree more: It is very unfair in its current state, given today's reality and the reality of the introduction of casino gambling into the province of Ontario.

I would also like to ask you about some fairly large discrepancies. We've had many people from your industry appear, and this morning the Standardbred Breeders and Owners Association was here. The government is using, in part, a submission it gave to the committee when we started our hearings in Windsor last week, a study from a professor at the University of Toronto. He indicates that in his opinion the number of full-time jobs in the industry does not exceed 25,000 and may in fact be less than 18,000. You say that somewhere between 9,000 and 18,000 jobs will be lost in the first two years. He claims there may not even be that many in your entire industry. He says, "The effect of casino gambling on the horse racing industry will be decreases in wage in the order of 5% to 10% at a maximum."

Every other experience in North America that I have read has shown somewhere between 27% and 40%. How do you explain these huge discrepancies? He's saying that possibly there are not even 18,000 people in your entire industry and you're saying that 18,000 may be laid off. How can you lay off 18,000 if you don't have that many? He's saying that, at the very most, it will affect your industry 5% to 10%, and every other experience is 27% to 40%. How do you explain those discrepancies?

**Mr Wallace:** The first figure of 45,000 jobs came from the Dunning report, which was a report done in 1987 for the government. At that time the job figure he came up with was: "The horse breeding and racing industry is viewed as a resource industry and is labour-intensive. Salaries and wages of \$500 million represents 45,000 jobs. This figure puts the industry well ahead of many major industries in this province." That was from a government study done by Roland Dunning.

The figure of how many jobs would be lost comes from a report done by Price Waterhouse for the Ontario Jockey Club on the effect casinos would have on the horse racing industry in Ontario. Quoting from that report: "With a potential negative impact of 19% to 37% on total horse race wagering in Ontario on the introduction of casino gambling, a proportional loss of between 9,500 and 18,500 industry jobs would likely occur over the medium term." That's a quote from the Price Waterhouse study for the Ontario Jockey Club.

That's where those figures come from. I don't know where other figures came from that were quoted elsewhere, but that's where our figures come from.

**Dr John Brown:** In terms of the 5% to 10% decrease in parimutuel, I don't know where you came up with those figures. In actual fact, when casinos were in direct competition with racing, which seems to be more legitimate, what actually did happen was closer to 30% or more. That should carry more weight than somebody's estimate from whatever sources. There is more than one scenario where we know it dropped in the neighbourhood of 30%; it wasn't a single instance.

**The Chair:** Messrs Brown, Sikura and Wallace, I thank you for presenting before the committee today.

**Mr Sutherland:** Mr Chair, while this group is going off and the next group is coming on: The member for Oriole implied that the government has done nothing to support the racing industry and the thoroughbred racing industry. I think it is important to note that the government, certainly the minister herself, in conjunction with the Ontario Jockey Club did go, in terms of the bid for the Breeders' Cup, to bring the Breeders' Cup to Ontario and has provided some very clear support in that activity. I think it needs to be stated for the record that the government has made efforts to support both thoroughbred and standardbred.



**The Chair:** Thank you, Mr Sutherland. Through our deliberations from time to time, all members get an opportunity to put their opinions on the record.

**Mrs Caplan:** On a point of order, Mr Chair: I was going to say to the delegation, do you have a response?

**Mr McClelland:** Maybe they would like to respond.

**The Chair:** We have one more presenter and we don't want to unduly delay them, but, as the Chair allowed Mr Sutherland 30 seconds to make a statement, if you would like to respond, you're certainly welcome to. I wouldn't want to disallow you that opportunity.

**Mr Wallace:** I just wanted to say that we commend the government's support in bringing the Breeders' Cup to Canada, but I would also like to add that the Breeders' Cup is the richest sporting event in the world. Its \$10 million in purse money for one day of racing will bring to Toronto not only four hours of live television on NBC but a tremendous boon: It will be the biggest attendance we've ever had in Toronto. Our biggest attendance to this point is about 28,000, I think, at Woodbine, and it will probably be about 56,000, so it behooves the government to bring a major tourist attraction. It's helping racing, but it's also helping the province dramatically.

**Mr McClelland:** Does that make Bill 8 okay?

**Mr Wallace:** No.

**The Chair:** Thank you, gentlemen.

ASSOCIATION OF CASINO GAMING  
SUPPLIERS OF ONTARIO

**The Chair:** Our next presenter is the Association of Casino Gaming Suppliers of Ontario: Mr Daniel Acks and Aubrey Zidenberg.

**Mr Daniel Acks:** As president of the Ontario Association of Casino Gaming Suppliers, I thank you for the opportunity to express the concerns and views of the association within this forum. It is my intention to convey to you the implications, repercussions and possible enhancements of Ontario's charitable casino gaming industry, which my association represents.

Charitable casino gaming, Monte Carlo nights, if you will, has been in existence within this province for nearly 20 years. For a good many of those years, more or less up until February 1993, our business has been, for lack of a better description, essentially a hardware rental. Charities rented gaming tables and wheels and, with little in the way of governmentally enforced controls, conducted their fund-raising events with varying degrees of financial success.

Professionalism, or the mandate for professionalism, in the conduct of these latter events was virtually non-existent. Further to that, our industry's role under the terms and conditions of the charities gaming licence prohibited us from becoming involved in these fund-raising efforts any further than simply the rental of this equipment.

Over the years, the public's market demand on our industry compelled those in the business to increase their level of sophistication with respect to the manner in which these events were conducted. Financial controls, professional staff, specific advertising formats: All these elements started to present themselves as integral to the continuing viability of these fund-raising efforts.

**1510**

In February 1993, the Ontario government recognized officially what our industry has known for quite a while: that the public was ready for a more sophisticated series of terms and conditions reflective of current gaming trends within this province. Our association, in conjunction with the entertainment standards branch of MCCR, has been working diligently to devise a comprehensive series of regulations that administrate and govern our industry fairly and with integrity.

To that end, a great deal of time and effort has been expended on both sides, both in the commercial and governmental sectors, to develop guidelines that make sense. We have complied sincerely and enthusiastically with the entertainment standards branch's solicitations in all aspects of our industry. As a matter of fact, the financial documents devised by the government to be used as reporting tools onsite by the charity are a blending of the paperwork already utilized by some companies within our association.

The point is, we have freely shared information with the government office responsible for licensing our industry in a spirit of mutual cooperation. We are very sensitive to the fact that without such compliance our business may evaporate overnight. Demonstration of competence and integrity in the eyes of any regulatory body is vital to our survival.

As an industry, we welcome wholeheartedly the opportunity to legitimately provide a service and product to our charity clients that would capitalize upon the enthusiasm for what we recognize as a growth industry. As a consequence, the evolution of our services and products since February 1993 has been astronomical in such a short time. Although the terms and conditions upon which we still operate confine us to very stringent specifics, nevertheless the level of our industry's expertise, which addresses every aspect of a gaming event, financial, staffing, marketing and the like, is considerable.

The results of these latter efforts are also considerable. Specifically, we have made our industry a vehicle for charity self-sufficiency and we have developed and currently employ a vast workforce, over 5,000 registered gaming assistants, within the province of Ontario who depend on companies within our association for employment.

The mandate upon which all charities now operate incorporates financial independence as much as possible. These latter groups, recognizing the reality of cutbacks

both in the corporate and governmental sectors, are desperate for avenues of revenue that will ensure their continued existence. To that end, these latter groups have embraced our industry. It has been a partnership with considerable momentum. As the demands of fiscal accountability and profitability increase, we as an industry have had to provide a product that meets these pressures.

Within the confines of the current terms and conditions, we have done so quite well. The current gross dollars generated by these charitable casino events have surpassed anyone's expectations. Such generation of revenue does not happen by accident. It is the result of carefully orchestrated events respective of the aforementioned partnership between our industry and the charities.

This is a province-wide partnership involving charities from a grass-roots level to those on the national level. To some degree, almost all charities in this province have looked at, thought about and are now implementing a fund-raising program with gaming as its foundation. The self-sufficiency I referred to earlier is therefore widespread and runs quite deep throughout all communities. Casino fund-raising is now, more than ever, an integral part of a charity's game plan.

In addition to the obvious financial benefits to charities of these events are some benefits that are not as prominent and yet just as vital. I'm referring to the growing income-generating workforce that now services our industry. Companies such as those within our association are the sole source of income for individuals who a few months ago were on the unemployment rolls. Had it not been for the development of our industry, these people would simply not be working. They would be collecting government benefits, welfare, whatever you want to call it.

The point is, members of the committee, that these are hourly-waged individuals representing a viable, skilled workforce that cannot be ignored, and it is our industry which employs over 5,000 of them, and their numbers are growing. Each of these individuals has paid a licensing fee to the government. They assume and fully expect that job security constitutes an integral portion of this fee. We can only provide employment if the government maintains our viability.

The expectation, therefore, from which we as an industry as well as the charities operated in February of this year was that the government would protect and ensure the continued growth of charitable gaming within this province. To that end, and in good faith, licensing fees governing the conduct of our business were levied and paid for.

We are concerned that this viability is in jeopardy. In order for our industry to survive as a vehicle for the financial self-sufficiency of charities within this province and the continued source of employment for

thousands, we need the ability to compete. The introduction of new games and betting limits is required, along with more opportunities for the charitable gaming industry to exchange views and dialogue with committees such as we find here today. Anything less than providing this latter opportunity would be more than a mistake. It would jeopardize an industry that exists here and now and upon which a large sector of the Ontario public depends.

**Mr McClelland:** In terms of your comments near the conclusion of your presentation with respect to the ability to compete, if I understand correctly in the context of your presentation, you are speaking in terms of competing with a casino, competing with institutionalized gambling per se.

**Mr Acks:** That's correct.

**Mr McClelland:** I'd also be interested in hearing your comments with respect to your ability to compete in terms of providing a service. Presuming, I think reasonably accurately, that we'll have one casino in Windsor, I think it fairly self-evident that the plans are, at least in a preliminary stage, to move to six or seven other locations in the province. To what extent do you see the possibility or any opportunity for your business to compete in terms of providing services for—I use this word loosely—the institutionalised casino, the permit casino? Are you being given that opportunity? Has there been any discussion with a view to accommodating the resources that you have currently available in terms of the personnel and the expertise you could bring, a made-in-Ontario supply to the user in Windsor and potentially elsewhere?

That would be one point. There are a couple more, but I'll let you deal with that and, time permitting, I'd like to pursue another.

**Mr Acks:** By virtue of our business, we're classified—I'll use the quotation marks—as “gypsies.” Under the terms and conditions, we have to move every three days from location to location. In the industry we accept those constraints, accept those as part of the conditions upon which we operate, but given those constraints, we find it imperative that the product we offer within those three days be able to compete with anything that's offered on a more permanent basis.

I'm referring specifically, with the opportunity of different games beyond just the blackjack tables and wheels of fortune that we have right now, to increased betting limits. The product we have right now is not a far stretch from the product that existed 20 years ago, but the market demands have obviously exceeded the product that we have to work with. So what we are requesting is the ability to provide a product, for those three days, that will entice people to patronize our casinos in addition to the permanent facilities that might or might not exist in any cities we're operating in.



It's imperative that these constraints are removed from our ability to operate, not only from a business point of view as business people but also so it will not impinge on the charity's ability to make revenue or to exact revenue from the casinos we operate.

What we're referring to specifically is the introduction of new games and introduction of higher betting limits. Basically what we're asking is that the product that we have is similar to the product that would exist in any permanent facility. If we receive anything less than that, then I guess I would imagine that our ability to compete is severely impinged upon.

**Mr Aubrey Zidenberg:** We've got an industry that within a short period, with the growth potential that has been allowed us by our government of the day, has created an industry that is going to do, unquestionably, approximately \$500 million in gross drop, cash buy-ins, in the gaming facilities in the one year to February 1, 1994, the anniversary of the passing of the Gaming Services Act. That would reflect an approximate gross win of \$100 million to \$125 million.

Through those charitable gaming sites currently in the province, you would have approximately 10,000 people per day, citizens in the province of Ontario who are attracted to this new form of entertainment that the members of the association, in association with the charities in the province of Ontario, have created as a viable method of fund-raising. That becomes approximately 70,000 people per week who are moving through those sites.

1520

To focus in a little more closely on your question about whether there was a question period prior, a process, I find, after the number of years in this industry, that the placing of a casino project team to monitor gaming, both domestically and internationally, that could find the time to travel the face of this earth to understand gaming and bring it back home—I'm not saying they have not done a wonderful job in doing so, in addressing gaming and understanding the concept of gaming. However, we as an industry that exists here in the province, from what I understand as a spokesperson for the association and speaking with the other members of the association, have not at any time been asked to come forward by that project team and we were never visited by that project team.

As far as I'm concerned, we represent, as far as we have been able to spread our wings and grow within this province, a fairly substantial industry. If any of you were able to come down to the Canadian National Exhibition at this time, you'd see an operation by one of the gaming operators in the province of Ontario that reflects nearly 1,200 staff in place in approximately 40,000 square feet of gaming space with 185 table games in operation that is addressing nearly 10,000 people per day. That's a member of the Association of

Casino Gaming Suppliers of Ontario. That site is fully automated, fully computerized; it has total controls relative to international standard; it's monitored by full security teams; we have security rooms. Everything is in place relative to the degree to which we have been able to operate.

I can't understand, if that industry exists in the province, how we could get to this late stage in the game and not even have been addressed by our government of the day. We have taken the initiative to create that portion of the industry. It may not meet that international standard, that level to which the government of the day is hoping to bring the gaming project in the province of Ontario, but there certainly is a nucleus of gaming intelligence in the province of Ontario and an industry that exists in the province of Ontario. I can't understand how we have not been addressed earlier in the game than here, after second reading and prior to a third and assent.

**Mr Eves:** We heard from the B'nai Brith Foundation late this morning, which expressed many concerns similar to yours. Is your concern that the province may legislate you or regulate you out of the charity casino or the casino business in the province, or is your concern more that you will not be competitive if you don't have access to the same games and activities that the province's own casino would have?

**Mr Acks:** I think one's tied in with the other.

**Mr Zidenberg:** A combination of both. I still have not seen anything in writing to date, unless there's something that I unfortunately do not have, that confirms that the related duties and jurisdictions of the entertainment standards branch of the Ministry of Consumer and Commercial Relations will be rolled into the Ontario Casino Corp.

If we look at the verbiage used in the bill, we will see on its first page, under the definition, "'casino' means a place which is kept for the purpose of playing games of chance," and "'game of chance' means a lottery scheme conducted and managed by the Ontario Casino Corporation on behalf of the government of Ontario." There may be room for clarification there, whether we, as gaming operators currently operating on behalf of charities that are licensed—or, if that is in fact being rolled in, whether our licensing with the province of Ontario is going to give us some type of umbrella there and protection for the charities for which we operate and ourselves as operators.

**Mrs Mathysen:** Very briefly, I heard you allude to the Gaming Services Act and you mentioned that you would like there to be more games available. I know there have been changes and that those changes began to come into effect in February 1993. I was wondering what those changes have meant to you and your clients and what you see in the future as those changes to the act come more and more into effect.

**Mr Acks:** In an overall sense, what the current terms and conditions accomplish is recognizing our industry. We're able to offer a much more sophisticated product to our client charity than we have in the past, specifically the levying of payroll expenses against an event, paid professional croupiers, an increased betting limit. Obviously, with the licensing of our role in this business, we now have the ability to provide our services as recognized by the government. We paid for these fees. There's an assumption, under the licensing of any individual in this business, that there has been a certain amount of scrutiny conducted by the government so that anybody now in this business is competent, is fiscally responsible, all the elements of such scrutiny.

The level of sophistication that the terms and conditions have allowed us to now perform have moved from this level up to this level, and that's fine. We're very grateful for it and we're operating quite well under those current terms and conditions. What we're afraid of, though, is that we will not move from this middle level up to the final level, reflective of what a permanent facility might stand for, and we would like the ability to make that final jump up to that level of competence.

**Mr Duignan:** Thank you very much for appearing in front of the committee here this afternoon. I have just a couple of quick questions, because I know a colleague of mine also wants to ask a question.

You're familiar with the fact that the ministry has formed a Charitable Gaming Advisory Committee. Have you brought your concerns to that committee?

**Mr Acks:** I sit on that committee, and at the last meeting we had we were left with the formation of various subcommittees, one of which is a Monte Carlo subcommittee. The points of view I expressed to you will be placed on an agenda that I hope the subcommittee will address. As of yet, though, there has been no date set for subsequent meetings for this charitable advisory committee to meet again. We did have one meeting, a very general policy formation meeting. No minutes were received from that meeting to give us any further direction, outside of the fact that we are to submit items for agenda relating to this subcommittee. But there was nothing further said to that committee.

**Mr Duignan:** But the process in fact has begun and, hopefully, through that process your concerns you raised

here today will be addressed by that committee.

You mentioned the fact you've got several thousands of people—I think you used the figure 5,000—working in your particular industry. What is the average hourly wage in the industry?

**Mr Acks:** It's \$10 an hour.

**Mr Duignan:** Does that include tips?

**Mr Acks:** It's \$10 an hour excluding tips.

**Mr Wayne Lessard (Windsor-Walkerville):** You indicated in your presentation that you had some fear that there may be some job losses if there were increased restrictions or loss of opportunities for your business. That's a concern that I share as well. I don't want to see any job losses take place. But I want to ask whether you provide any training for the people who are employed by you, and don't you think that the training you offer and the experience you offer to people would be an advantage to those people to obtain employment in a permanent casino in Windsor?

**Mr Acks:** In answer to your first question, we do provide training. I'd like to think that the level of training, the level of proficiency that any of our staff exhibit on site would be equivalent to anything you'd find south of the border. As far as the mobility of this workforce, realistically, when you're talking 5,000 applications or 5,000 people who are working, it's debatable how many are going to find work in one permanent facility. There's the other question of mobility: Will these people travel from Toronto to Windsor to find work? There's only a certain amount of jobs available.

My point is that the viability of the industry and of these people working exists right now. It's currently taking place. There are people who are building incomes and careers around what we do in the industry. This is not something that's down the road, this is happening right now, and these people are relying on companies in the association, companies like mine and Mr Zidenberg's, to employ them. If we can't compete and obviously our business is curtailed, we strongly feel the ability for these people to find work will be curtailed.

**The Chair:** Mr Acks, Mr Zidenberg, thank you very much for presenting before the committee today.

This committee is adjourned until 10 am tomorrow.  
The committee adjourned at 1531.



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Nigel Wallace, general manager	
Association of Casino Gaming Suppliers of Ontario . . . . .	F-450
Daniel Acks, president	
Aubrey Zidenberg, executive spokesperson	

## STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

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Prince Edward-Lennox-Hastings-Sud ND)

**Vice-Chair / Vice-Président:** Wiseman, Jim (Durham West/-Ouest ND)

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**\*Carr, Gary** (Oakville South/-Sud PC)

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Jamison, Norm (Norfolk ND)

**\*Kwinter, Monte** (Wilson Heights L)

**\*Lessard, Wayne** (Windsor-Walkerville ND)

**\*Mathysen, Irene** (Middlesex ND)

North, Peter (Elgin ND)

Phillips, Gerry (Scarborough-Agincourt L)

**\*Sutherland, Kimble** (Oxford ND)

*\*In attendance / présents*

### **Substitutions present / Membres remplaçants présents:**

Dadamo, George (Windsor-Sandwich ND) for Mr Jamison

Duignan, Noel (Halton North/-Nord ND) for Mr North

Eves, Ernie L. (Parry Sound PC) for Mr Cousens

Martin, Tony (Sault Ste Marie ND) for Mr Wiseman

McClelland, Carman (Brampton North/-Nord L) for Mr Phillips

**Clerk / Greffière:** Grannum, Tonia

### **Staff / Personnel:**

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of Ontario**

Third Intersession, 35th Parliament

**Assemblée législative  
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Troisième intersession, 35<sup>e</sup> législature

**Official Report  
of Debates  
(Hansard)**

Thursday 26 August 1993

**Journal  
des débats  
(Hansard)**

Jeudi 26 août 1993

**Standing committee on  
finance and economic affairs**

**Comité permanent des finances  
et des affaires économiques**

Ontario Casino Corporation Act, 1993

Loi de 1993 sur la Société  
des casinos de l'Ontario

Chair: Paul R. Johnson  
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## STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Thursday 26 August 1993

The committee met at 1004 in the Huron Room, Macdonald Block, Toronto.

## ONTARIO CASINO CORPORATION ACT, 1993

LOI DE 1993 SUR LA SOCIÉTÉ  
DES CASINOS DE L'ONTARIO

Consideration of Bill 8, An Act to provide for the control of casinos through the establishment of the Ontario Casino Corporation and to provide for certain other matters related to casinos / Loi prévoyant la réglementation des casinos par la création de la Société des casinos de l'Ontario et traitant de certaines autres questions relatives aux casinos.

RACETRACKS OF CANADA INC  
(ONTARIO DIVISION)

**The Chair (Mr Paul Johnson):** We continue our second week, fourth day in Toronto. Our first presenters today are representing the Racetracks of Canada Inc, Roly Roberts, the executive vice-president, and Hugh Mitchell, the director. Gentlemen, you have 30 minutes within which to make your presentation and field some questions from members of the committee. If you would like to proceed when you're comfortable, please identify yourselves so we know who's who for Hansard.

**Mr Roland B. Roberts:** Thank you, Mr Chairman and members. I'm Roly Roberts, executive vice-president of Racetracks of Canada Inc, and Mr Hugh Mitchell is the director of this organization and is also the events and facilities manager at Western Fair Raceway in London.

We do appreciate this opportunity to present to you today the concerns of our 17 Ontario member racetracks with respect to the imminent introduction of commercial casino gaming in the province of Ontario.

Racetracks of Canada Inc is an association whose membership consists of 36 thoroughbred and standard-bred racetracks, which are located in each of the provinces of Canada in which racing is conducted; 17 of these tracks are located in Ontario. The mandate of Racetracks of Canada is to further the interests of the parimutuel horse racing industry in general and the interests of racetrack operators in particular.

My mandate on this particular occasion is to make representation on behalf of the 17 Ontario member tracks, but not, I must emphasize, to express the independent views of any particular racetrack operator or to present a futile argument against the opening of the Windsor casino. My intent is not to be argumentative but to be constructive.

We are concerned that the ramifications of introducing commercial casino gaming, particularly as they

affect the horse racing industry in Ontario, are being seriously underestimated by the Coopers and Lybrand report—a copy of which I received just recently—commissioned by the government of Ontario. The suggestions made on page 45 of the report are partial and rather simplistic responses to the adverse effects which casino gaming will have on racing, but are not of themselves the solution to our concerns. Other means of accomplishing the government's commitment to ensure that the horse racing industry remains a full and active player in the gaming industry must be found.

Our concern is that to date we are not aware of how the government plans to fulfil this commitment. The concerns of many of our member tracks are compounded due to the involvement of the Ontario Jockey Club in the casino bidding process, which prohibits it from sharing its insight or guidance in relation to the casino issue.

The Coopers and Lybrand report, which refers to horse racing under the caption "Mitigating Impacts on Existing Forms of Gaming," seems to base its conclusions, which endeavour to minimize the negative effect of casinos, upon an evaluation prepared for the government by a Dr Arthur Hosios. It would seem that Dr Hosios's evaluation attempts to discredit the several reports prepared in recent years by internationally accredited accounting and consulting firms.

This 1993 report also appears to conclude that the opening of several casinos in the province of Ontario is a given by its reference on page 46 under the heading "The Risks Must be Weighed," which states that: "Annual direct provincial revenues from casinos are estimated to be in excess of \$850 million. It has been estimated that more than 97,000 full-time permanent jobs will be created in Ontario by casino gaming." I don't believe that the Windsor casino will provide those types of numbers.

The report does, however, go on to state that, and I again quote, "The introduction of casino gaming in Ontario must be structured to ensure, to the greatest extent possible, both the maximum amount of sustainable economic activity and the healthy survival of all forms of legal gaming."

It is also encouraging to note the government's commitment to the racing industry, which I quote from the July 26 issue of Casino Update, as follows: "The government is fully committed to the horse racing industry remaining a full and active player in the gaming industry," and it goes on to state, "Studies suggest that perhaps as many as 28,000 Ontario resi-



dents have full- or part-time jobs attributable to horse racing. Government and industry officials have an obligation to these employees. We must work together to see that the industry remains competitive."

Our concern, as stated previously, is that we have not been advised of any government initiatives to provide the opportunity for constructive discussions which will provide the model to safeguard the economic integrity of the racing industry. Time is of the essence. The Ontario division of Racetracks of Canada will be pleased to work with the government on such a project.

1010

The horse racing industry is an integral and material segment of the social and economic fabric of this province and of Canada. Racetracks are the driving force and the marketing arm of the racing industry. To the extent that racetrack attendance, revenues and employment are negatively impacted by casino gaming, a ripple effect will be experienced by the rest of the industry. Experience has proven that a declining revenue base will cause racehorse owners to reduce both the quality and quantity of their horse inventory, thereby causing breeders to reduce the quality and numbers of foals produced. These reductions will, in turn, result in reduced levels of employment. Obviously, such reductions will result in less demand for supplies and services normally provided to each segment of the industry.

It is of interest to note that the Coopers and Lybrand report does state, "The quality of its product"—that is, racing's product—"will ultimately depend on its competitiveness within the North American racing community." The product referred to is the quality of the horse.

Racehorse owners form a significant part of racing's employment base—in fact, according to an Ernst and Young report, approximately 21,500 persons, which Dr Hosios and Coopers and Lybrand chose to arbitrarily eliminate, for whatever reasons. Many racehorse owners are like owners of small businesses who, when forced out of business for economic reasons, become part of the mass of unemployed seeking other avenues of employment. Also, in today's environment part-time employment is becoming more important to the welfare and maintenance of the family unit. Therefore, in our opinion, the potential adverse effect upon the racing industry may far exceed the estimates presented by Coopers and Lybrand.

The current rate of tax on wagering in Ontario is unrealistic in today's competitive environment. Other industry organizations have submitted reports and have provided you with detailed comparisons with other racing jurisdictions with which Ontario racing competes. I have not provided it in my report. While a reduction in the rate of tax would be beneficial, it would not of itself satisfy the government's commitment to the industry. The contribution of the racing industry to the

provincial economy and the losses which will likely result from the introduction of casino gaming should not be underestimated, nor, I might add, should the contribution of casinos be overestimated.

The future of several thousands of employees and their families, a world-class breeding and racing industry, and racetrack facilities acknowledged internationally to be equal to the best in the world are dependent upon the will and the sincerity with which this commitment is addressed. Indeed, because of the major influence of Ontario racing, an opportunity is presented to the government and to the industry to not only ensure the viability of the racing industry but to provide the basis for renewed growth. The recent commitment to the 1996 running of the Breeders' Cup by the government, in concert with the Ontario Jockey Club, is an example of the benefits which may be derived from working together for a common good.

I repeat, Racetracks of Canada (Ontario Division) is anxious and willing to participate in discussions for the purpose of achieving this desirable end. Thank you.

**Mr David Tilson (Dufferin-Peel):** Thank you. I appreciate your submission and I think we will look at it. We've listened to you and we'll look at the report more carefully. I'm also interested from a personal point of view. I notice that one of your members is from my riding of Orangeville and I am interested in that.

Of course I've experienced, talking to the people in Orangeville—there's a track in Orangeville. There's a number of farms that deal with animals, that deal with feed in both the county of Dufferin and the town of Caledon. I'm sure that members in this committee, particularly the rural people, have similar experiences, where for many of these people who work in these areas, specifically on the farms, that's all they've ever done. They're not trained for anything else. That comment's been made in the media and at this committee, the fear, not only in the racing industry but in the agricultural industry. I notice Mr George is coming a little later this morning. Could you comment a little more on the specific loss of jobs that you perceive? Do you have anything to add to the debate?

**Mr Roberts:** I think, as you mentioned it, it has been and will be covered more by the people closer to the actual operations who are the owners and breeders and run the horse farms. There's no question, and we have made this argument on many occasions, that there is a significant segment within the racing industry who will find it very difficult to find employment in other areas. I think it will be difficult in today's environment because they may not have the wherewithal to be able to attune themselves to the technical requirements of today's society.

**Mr Tilson:** In your discussions—and I assume you've had some—with the members of the government, be it political or the civil service, what is their

response to that, to all these people who are simply going to be out of work?

**Mr Roberts:** It's interesting that the Coopers and Lybrand report, which I believe depends in large measure upon Dr Hosios's report, seems to discount this ripple effect which I referred to in my report as affecting the farm base or the breeders and owners base. They don't think there will be a reduction in the number of horses operating at racetracks. Indeed, there may be fewer racetracks at which to operate.

**Mr Tilson:** I'm looking at page 4 of your report, specifically the sentence that stated, "Experience has proven that a declining revenue base will cause race-horse owners to reduce both the quality and quantity of their horse inventory, thereby causing breeders to reduce the quality and number of foals produced," etc.

I've read something of what's gone on in Manitoba and some other Canadian jurisdictions. I'd like to know what you mean by "experience has proven." Can you give us any other facts, to your knowledge, specifically from the American jurisdictions, that would lead you to those conclusions?

**Mr Roberts:** Right at the moment, with a number of racetracks closing, and certainly the economy is having its effect, the number of horses being bred in North America has reduced significantly both within the thoroughbred and standardbred industries over the last two to three years particularly.

I guess from my own personal standpoint, I've spent approximately 35 years within the horse racing industry, and from observation—and this may not count for a great deal—certainly experience shows that, yes, there is this ripple effect. There's no question. The GST I guess is an example of it, on which I was quite involved with Racetracks of Canada, and the concern within the owner and breeder segments of this industry has had, I think, quite a devastating effect, particularly in the standardbred business. Many of them have opted out.

**Mr Tilson:** You've mentioned the report. Coopers and Lybrand will be spending some time this afternoon on that report. The report will be reviewed. We on the opposition side have got the impression that the government hasn't liked the other reports that it's had, so it keeps on trying and finally gets a report that it likes. I might get some heckles from the government side, but that's certainly the impression that we in the opposition have, that if you don't like it, you hire somebody else.

1020

**Mrs Irene Mathysen (Middlesex):** Is that what you do, David?

**Mr Tilson:** That's what it appears you do. You don't like what you heard before and so you got a report that you liked.

You've made some reference to the Coopers and Lybrand report. Have you got anything more to add?

Unfortunately, Coopers and Lybrand will be talking after you have.

**Mr Roberts:** I would sooner approach it on another basis. What you have said could just as easily be said about consulting firms the racing industry may hire. Consultants tend to produce what is requested of them. At the same time, there have been several reports—and I'm sorry, I don't have their names with me, but I could provide them—that have been done by independent universities and people who have not been specifically hired by the racing industry to produce these reports. I don't think it's by accident that they agree. I'm not expert enough to know what theory Dr Hosios has used, but it apparently is divergent from what all other groups have used.

**Mr Tilson:** I have certainly watched experts in the past, and our problem is that in Ontario I don't think any of us are experts in gambling casinos, and I get the impression that we're going to be led down the garden path. I mean, what do we know? So we're signing everything over to some other groups to handle all these things. We've had police groups come before us and tell us how crime is going to be on the increase etc.

I'd like to ask you one more question, and that has to do with the issue of revenue, because obviously, being in the racing business, you're taxed quite heavily with respect to revenue. The theory has been put many times that there's so much money available for gambling, although this bill and this type of legislation is going to encourage the people of Ontario to gamble more than they've ever dreamed of gambling. It will be made more accessible and easier to gamble and all the problems that go with it.

The Treasurer and his colleagues, government members of this committee, have come to that conclusion: It's going to bring great revenue to the province of Ontario, aside from the additional costs it will take. The issue is, are they dreaming? In other words, if there's so much money for lotteries, so much money for the racing industry, if you look at the revenue that's generated from lotteries, if you look at the money that's generated from the racing industry, you're telling this committee that with the job losses etc there's obviously going to be a decline in revenue going to the government from the racing industry. If you look at the big picture, which this government rarely does in anything it does, is the revenue really going to be as good as it seems?

**Mr Roberts:** I think it's very debatable. That's why I made the references to the numbers that I did, the \$850 million, the \$97,000, and made the further comment that the benefits should not be overemphasized any more than the adverse effects should be underestimated in the case of the racing industry.

There is a pool of discretionary income. I don't think anybody can argue or disagree with that, no matter what it's being spent on, and certainly there is a segment of



that discretionary income that's inclined towards gambling. There is a finite number of people who are inclined towards gambling. There is even a smaller number who are inclined to gamble heavily, and I think this is an area where again the Coopers and Lybrand report has not been terribly effective in addressing the problem that there is a very small percentage of racetrack attendees who bet a very significant amount of the total wagering dollars. It's something in the order of between 5% to 10% of attendance and between 50% to 60% of the total wagering at the racetrack, and these are the people, I believe, who are inclined to be gamblers at casinos. Certainly from surveys that have been done in the States, I've seen that this is certainly the case.

**Mr Kimble Sutherland (Oxford):** A point of order, Mr Chair: Since the official opposition is not here, will their time be divided between the two other parties represented?

**The Chair:** In fact that's what I've done already.

**Mr Sutherland:** Okay. Thank you.

**Mr George Dadamo (Windsor-Sandwich):** There are critics out there who say that the racing industry has a lot of woes, and one of them is trying to keep the imagination, trying to keep people's attention span and holding them at the racetracks for a little while. How do you respond to people who say that you're not imaginative enough to keep the people there?

**Mr Roberts:** I would disagree wholeheartedly. I think racing here in Ontario has proven itself to be very imaginative, very creative, a very vital and enthusiastic group, even though we have shown our differences more than we should at times. But overall there's been a lot that racing in Ontario has done, and that's why it's so well recognized around the world. We've got the top breeding. We've got the top racehorses that can compete anywhere in North America effectively. I just saw in this morning's paper where the Molson's Cup is attracting, from a nomination standpoint, the best in three-year-olds up to Toronto here to race in September. We have introduced a parimutuel system that is now recognized worldwide that eases and makes more economic the operation of the racing industry. We have been the initiators of intertrack betting; we were the first in North America to initiate that. Simulcasting: We have certainly been very aggressive and continue to be very aggressive in that area.

**Mr Dadamo:** In the Globe and Mail yesterday there was an article on your industry and they were referring to people being bored with 10 races and they want something new, they want something exciting, different, teletheatre—I don't know. What's the answer?

**Mr Roberts:** I would suggest that is what the purpose of discussions with this government with casinos should be all about. I think unquestionably there's going to be a new player in the marketplace, and

it was my intent in my presentation to say, look, we're not putting our heads in the sand, as has happened in other racing jurisdictions. We're wanting to work on a fair and reasonable basis, and if that means bringing casinos into a more closely adjunct operation with racing, that may be the answer. There's any number of things that will have to be looked at.

The gentleman to my left is Mr Mitchell, with the London operation. They operate a casino, a Monte Carlo operation, which is an adjunct to their racing. If you like, he may be able to make some comment on that.

**Mr Dadamo:** In the last two and a half years I've come to know Tom Joy, the owner of the Windsor racetrack, quite well. He was quoted in the Windsor Star on August 13 this year saying that the racing industry in Ontario shouldn't and doesn't speak for him as owner of the Windsor racetrack. He says that what you want is for him to roll over and die, and what he has always said to me and to other Windsor members is that he wanted to work intimately with the casino operation. He didn't see it as a foe necessarily, but he saw it as an avenue, if you will, to try different things, to expand somewhat, but to try to work cohesively with the casino industry in Windsor and hopefully with bringing more people to his racetrack on the periphery of the city of Windsor.

1030

**Mr Roberts:** I do not believe Mr Joy was making that reference to Racetracks of Canada in terms of representing his racetrack. He is, as you say, a member, and I think he's saying what I'm endeavouring to say. I have no disagreement.

I know there are segments of this industry that are reluctant to take a position. They look at it as a death knell. I think we have to be much more optimistic and imaginative and, as I said in my report, look at this as an opportunity to make this industry vital, indeed make it more vital, and an opportunity for greater growth. But it's got to be done on a cooperative basis.

**Mr Dadamo:** That's great. I wanted to end by saying that I find your comments, after hearing many groups in the last couple of weeks, especially from your industry, very refreshing.

**Mr Sutherland:** I have just two points of interest.

(1) On page 4 of your presentation, you talked about, "Many racehorse owners are like owners of small businesses who, when forced out of business for economic reasons, become part of the mass of unemployed, seeking other avenues of employment." Could you give us some handle—and maybe we should asked have one of the other organizations—on what percentage of people who own horses do that for their full-time living versus those who may own them as a hobby?

(2) We had some comments yesterday about the amount of betting, an average bet—

**Mr Roberts:** If I may interject a second, I'd like to deal with one question at a time.

**Mr Sutherland:** Sure. The second one may be more for Mr Mitchell.

**Mr Roberts:** I cannot give you explicit numbers. I don't know whether Hugh knows. Okay, Hugh doesn't have that available either. I would suggest from my experience that it would certainly be far higher than 50%. I'm guessing it could be 75% to 80% of the owners in racing are dependent upon that as their livelihood, or a very significant part. If they're a farmer, they own a farm, this is a means of supplementing their income.

Other organizations, I believe, have indicated the benefits that racing contributes to the agricultural society. It enables farms to be maintained that would otherwise go dormant. Gosh, I'm sure you all see, as I do, travelling through Ontario, that the number of farms that are closing is of great concern.

**Mr Sutherland:** An additional question then is, what is the average bet, say, at Western Fair Raceway and what would be the average bet placed at your racetracks? And what percentage of bets placed at your racetracks would be \$100 and above?

**Mr Roberts:** You're speaking of per capita betting?

**Mr Sutherland:** Yes.

**Mr Roberts:** I'll let you speak about London.

**Mr Hugh M. Mitchell:** At Western Fair Raceway—live racing, that is—our per capita bets now are averaging around \$80.

On intertrack, when we accept simulcast racing from the Ontario Jockey Club, our per capita is somewhere around \$170 or \$180, which indicates that you have more core handicappers and fewer casual wagerers participating in the ITW product.

**Mr Sutherland:** When you say "per capita," is that per race?

**Mr Mitchell:** No, that's per head, per person, per every bet.

**Mr Roberts:** I think that is an example of what I was saying earlier to Mr Tilson. Hugh referred to the increase in per capita betting when they take the intertrack from the Ontario Jockey Club. Again, we're talking about quality. I think I would be fairly safe in guessing that the people who are causing that increase from \$80 to \$170 per capita betting on the same number of races are people who would otherwise be going to the Ontario Jockey Club to bet.

**Mrs Mathysen:** I was interested in the customer who comes to a track like the Western Fair Raceway. I will admit to having gone to enjoy the odd race from time to time, and it seems to me that it's entirely different from what you might expect of casinos, horse racing being active. The customer goes having to know

about the drivers, their records, the horses' handicaps, that kind of thing. It is much more active and, I would imagine, stimulating than just passively sitting or going to a one-armed bandit or whatever they have in casinos. In terms of the customer of the racetrack, is he or she not likely to be more faithful to the racetrack inasmuch as it's such an entirely different kind of entertainment?

**Mr Mitchell:** Horse racing is a two-dimensional product. There is the sporting entertainment side of the product presentation and then there are the four numbers on the board, the gambling and wagering side of the product. Interestingly enough, in some of our very raw experiments and surveying of customers at our Monte Carlo three-day events, as well as our live racing, there is a strong overlap. About 30% of our casino or Monte Carlo event customers are actually our track patrons. Interesting enough, they are core handicappers. This gets back to the gambling aspect and Mr Roberts's comment that about 20% of our patrons drive about 70% of our handle. You have to be careful about numbers when you're counting heads. In gambling, you have to look at the per capita and the wagering spending on an individual basis. Those are the key numbers to work with.

**The Chair:** Mr Roberts and Mr Mitchell, thank you very much for presenting before the committee today.

DOROTHY McCAY

**The Chair:** Our next scheduled presenter is Dorothy McCay. Welcome.

**Ms Dorothy McCay:** Mr Chairman, members of the committee, ladies and gentlemen. Thank you for the opportunity to address this committee as a private citizen and voice my concerns regarding Bill 8, casino legislation.

The current government was elected without a platform to implement casino gambling. They have no mandate to do so from the people of Ontario, and before they prematurely proceed with ill-fated legislation which will have a moral and economic impact on the long-term future of this province, the people of this province should have a right to an Ontario-wide referendum on this issue.

A complete, all-encompassing economic and social impact study should be done before proceeding. This report should be released to the public before proceeding. Failure to do so will leave citizens questioning the credibility and prejudice of those responsible. This report should address the validity of potential casino revenues. There are only so many expendable gambling dollars available. The proposed casino format for Windsor does not compare to those in Las Vegas, Atlantic City or Manitoba.

Also, as we speak now plans are under way to add casinos in US jurisdictions, which can only decrease potential forecasted revenue through competition.



Therefore, I question the validity of projected revenues. Also, when Minister Churley was in Windsor she was asked why she thought Americans would cross the river to gamble. Her reply was to the effect that for one thing they don't have to pay taxes on their winnings. Americans are legally required to report their winnings to the IRS, and it would be an offence for them not to do so.

**1040**

The report should address the impact on the horse racing industry and agricultural community, and also should address the effect on crime in this province.

The horse racing industry has been a viable, self-sustaining industry. It generates in excess of \$2 billion in annual economic activity. It is labour-intensive and supports many peripheral industries. Its decline would cause extensive economic damage to rural Ontario. The government has not considered the impact that casinos will have on the annual racing wagering, which is subject to Ontario's parimutuel tax.

When casinos have opened in other North American jurisdictions, there is an immediate decline in wagering at adjacent tracks. In Winnipeg, the winter harness racing season was cancelled and betting and attendance for thoroughbred meets dropped 30% to 40%. When casinos came to Atlantic City, wagering at the Meadowlands and Garden State dropped 34%. Wagering at the tracks will decline, which will result in reduced parimutuel taxes and incidental sales taxes collected by the federal and provincial governments and the loss of jobs in the horse racing and breeding fields province-wide.

A report prepared by Ernst and Young estimated that there are 49,000 persons employed full- or part-time in the horse racing industry. A study by Price Waterhouse estimated between 9,500 and 18,500 jobs would be lost with the implementation of casino gambling. The majority of workers have no transferable skills and very limited education. They would become immediate additions to the unemployment ranks and eventually permanent additions to Ontario's welfare programs. At the current rate of Peel region's social assistance program for a single adult, \$7,956 a year, or two adults and two children, \$18,360 per year, the displacement of only 6,000 workers would translate to a cost of \$100 million a year.

The Windsor casino's anticipated revenue, as has been reported in the papers, is \$120 million to \$140 million a year. This is apparently based on fiscal performance of major casinos in Atlantic City and Las Vegas, which are not comparable gaming venues. I also hope that the possibility of increased competition from Indian-run Michigan casinos is considered.

The \$120 million to \$140 million, less the estimated 30% decline in racing wagering—approximately \$27 million—the estimated social assistance cost of displacement of 6,000 workers—\$100 million—additional

policing costs of \$6 million plus additional losses—lost sales tax revenue and a decline in charity-operated gaming profits and other revenues—will result in a net loss to provincial coffers. The casino may be temporary, but its implementation will create a permanent, devastating effect on the horse racing industry.

Should the horse racing industry be sacrificed for the questionable attempt to revitalize Windsor by the implementation of casino gambling? The government states that the Windsor casino proposal must include ways in which the operator would work with the horse racing industry. Can you imagine Ford or Chrysler helping each other sell cars?

Minister Churley has stated that the government is fully committed to horse racing remaining a full player in the gaming industry. No new initiatives have been proposed. Rhetoric will not save the horse racing industry.

Also, on the issue of crime the Toronto Star, Wednesday, August 4, reports that the long-awaited report prepared by the Windsor police service predicts a massive increase in crime following the opening of a casino there later this year. The report details how crime increased in several US cities after casinos opened nearby.

Consumer and Commercial Relations Minister Churley pledged that the province will pick up the cost of policing needed. The Toronto Star states on Tuesday, August 17, that Minister Churley dismissed opposition charges that Ontario casinos would attract organized crime and increase criminal activity such as prostitution and drugs.

I have in my possession from Statistics Canada crime statistics for 1989, 1990 and 1991 for the province of Ontario. The report has the following categories for crime incidents: crimes of violence, breaking and entering, theft, fraud, prostitution, gaming and betting, drugs, offensive weapons and other. The overall per cent increment between 1989-90 was 10.7%; in 1990-91 it was 10.8%.

It is ill-advised to disregard the predictions of those directly involved in policing. The ministry finds it acceptable for the Coopers and Lybrand study to base its revenue conclusion on the fiscal performance of major casinos in Atlantic City and Las Vegas, where the operation differs from the proposed Windsor casino, but to make crime comparisons in those cities is considered unrealistic. The reality is that Ontario has a rising crime rate which is totally unacceptable.

This is an issue which has the attention of the business community and populace in general and has been put on the agenda of various political forums. Casino gambling will bring additional crime. It is of no consolation that the ministry will pay the additional costs of policing. Questionable forecasts in increased revenue for

the province's coffers do not and will never justify any decline in the quality of life in Ontario. We do not want any increase in crime in Ontario.

In summary, I ask this committee to please do the following: take a province-wide referendum on casino gambling in Ontario and, number two, prepare a complete economic and social impact study before proceeding and release this to the public.

**Mr Sutherland:** Ms McCay, I'm interested by the nature of your presentation in something that has interested me throughout this entire debate as we hear different presenters. We've heard the horse racing industry come in and say about the impact it's going to have on it, we've had the charitable gaming industry come in and say this is going to have an impact upon it, and yet it seems to me gambling is gambling is gambling, whatever different area. Why should one form of gambling take precedence over another form of gambling, whether it's wagering at a racetrack, going to the charitable gaming or going to the casinos?

**Ms McCay:** Gambling at a racetrack differs in that it is a combined gambling and sport entity. I think you've had some people involved in counselling gamblers say that the worst form of gambling is the compulsive gambling that goes on at casinos. The limitations differ.

The fact is that right now we have this existing; it is part of our heritage. I just feel very strongly that we should not change this, we should just not allow any more gambling. We know and we've been told it's going to increase crime—the social impacts on our towns and cities. We just won't be able to turn back. We have a problem now. Let's not make it worse.

**Mrs Mathysen:** I was interested in your concerns about the casino attracting more of the criminal element. We had groups from B'nai Brith in. They do charitable activities in terms of Monte Carlo nights and they said they had no problem inasmuch as their casinos were well run. They'd taken precautions and the whole issue about an increase in crime in the neighbourhood simply wasn't there.

There seems to be a contradiction in this, but if what you say is true, that this activity attracts an unsavoury element, then wouldn't that same group be present at a racetrack? Isn't there a contradiction in all of this?

**Ms McCay:** To some extent, when you mention B'nai Brith, that is strictly a temporary casino set up for two, three days for the purposes of making money for charitable affiliations. I can't see major crime elements moving in for a three-day venue. If it's going to be a permanent casino, they will set themselves up permanently, especially in the area of drugs and prostitution.

1050

**Mrs Mathysen:** What about the racetrack? If a permanent fixture attracts the criminal element,

wouldn't we expect that a racetrack would too?

**Ms McCay:** I'm sure those exist and I'm sure they've been covered by our police sources. I'm just concerned that we're going to add more.

**Mrs Elinor Caplan (Oriole):** We've had some other presentations that I would refer to where there were quotes that were given and I thought you might want to have some comment on them. One was a 1984 report that was written by Howard Hampton, former Attorney General and now a minister in this government, along with Margaret Beare. A quote from their report says:

"Wherever casinos are found, they are inseparable from organized criminal activities. Virtually every study undertaken in the United States, Britain, Australia and elsewhere points out that casino gaming, whether illegal or legal, encourages organized crime activity.... If a jurisdiction is not willing to accept this involvement it should not get involved in legalized gaming."

That was a quote from a minister of this government, Howard Hampton.

The second quote I think was also quite an interesting one. This was—by the way, just for other committee members—a presentation that we heard yesterday from the Mennonite Conference of Eastern Canada and it was making the same point you were making. The second quote was actually from Donald Trump, who was one of the owners of the three Atlantic City casinos and had at one point been interested, I understand, in bidding on the Windsor casino. His quote is:

"Gaming doesn't come cheap and I have to agree with a lot of the critics on that. It brings crime. It brings prostitution. It brings a lot of things that maybe areas didn't have before.... There's a big cost to pay...most jurisdictions have considered gaming and most jurisdictions, even though right now it seems to be the craze...have rejected it. And the ones that have accepted it, many of them if you gave them their choice again, they would have turned it down."

Those two quotes were included in this report.

It seems to me from your presentation, your concern is that this government, without a mandate, embarked on this with only the Coopers and Lybrand study before it. Having considered those kinds of implications, because of the attitude displayed by Mrs Mathysen and also Mr Sutherland, the attitude that, "Gambling is gambling and therefore casinos aren't going to make a difference," I thought you might just want to comment on what your expectations as a citizen are of the kind of debate you would have expected the government to have before it proceeded to offer casinos to a city like Windsor, which is really suffering right now and is looking for anything that it believes will offer it economic activity.

**Ms McCay:** In reference to something like Windsor, Windsor is suffering like a lot of areas are suffering.



Because of the depressive state we are in, government is trying to find new initiatives that will make money. Some of these appear to be: make tax dollars quick. I don't think some of the long-term effects have been thought out or they have had enough time to work on them properly. This is why I am asking for, and I would like to see, a province-wide referendum on this issue. Introducing casino gambling in Windsor is just a start there. There has been a recommendation that it go to various other jurisdictions. I think we should have a right to that decision. Let the people speak.

Secondly, I feel Windsor has an opportunity to try and revitalize its town in other aspects. I don't think casino gambling is their answer.

**Mrs Caplan:** What do you think will happen? Right now, there are a lot of restrictions on the casino in Windsor. Frankly, a lot of people in the Windsor area are very supportive of using the casino to try and revitalize their economy and it seems that the government's decided to go ahead with this. But what do you think is going to happen in Windsor if Detroit opens up one or two casinos without all the restrictions that Windsor has?

**Ms McCay:** I don't think Windsor will have the market. They may get people. I think they'll have people from Toronto. Compulsive gamblers will go to a casino, but I don't think they're going to get the market which they are using to generate their forecasted revenue figures. They will be in direct competition with what will be, in all likelihood, unrestricted casinos. The venue that is projected to be played in the Windsor casino compared to Las Vegas or Atlantic City differs greatly. I guess the best comparison will be Atlantic City, and all those casinos did nothing for that town. It did not revitalize Atlantic City. If you've been to Atlantic City, you don't walk down that boardwalk or go into town. It has done nothing.

**Mrs Caplan:** I guess one of the concerns we've had from those who have looked at some of those centres in the United States is that it hasn't revitalized the economy and has created a crime centre as well. There has been a concern as to how that is then responded to by the community. I think there are probably a lot of very disappointed people in Atlantic City and my hope is that the people of Windsor are not disappointed because of the expectations that have been raised about what this is going to do for them.

**Ms McCay:** It will help the economy, but it can't do that alone.

**Mr Tilson:** Thank you for your excellent comments. I don't seem to have a written statement but I can assure you members will be looking up Hansard because you've certainly summarized many of the issues—

**Mr Sutherland:** You'll be checking the facts.

**Mr Tilson:** Yes, I will be looking at Hansard

because I think members will be using your comments in an attempt to try and persuade the government to change its mind.

I was particularly interested in the emphasis on the need for an economic impact study. In other words, that is our party's major concern: Let's see where we're going before you get into it. Let's not just blindly jump into these things. Look at the impact on agriculture, look at the impact on jobs, existing industries, the increase in crime. I'm starting to repeat your speech.

It's interesting. There have been some articles that came out in the press when the topic of the electronic slot machines came out, and there was comment specifically with respect to Nova Scotia. This is indirectly related to casinos, but it's a point I'd like you to comment on. Their 3,600 machines apparently made, from a report that I have, \$1 million a week. However, the government looked at all the associated problems that developed as a result of those machines and it yanked all those machines except for certain exceptions. They introduced a \$500,000-a-year prevention and treatment program for gambling addicts. They're also going to set up a commission to take a hard look at gambling policy in general.

Although this doesn't deal with gambling casinos as such, it does deal with related topics. In other words, you get into this thing and you create this mess. Obviously, the NDP, when the topic of lotteries came up—one of the things it talked about was addiction centres, that people are going to have awful problems. Could you comment on the topic of addiction centres. Do you have any thoughts on that?

**Ms McCay:** I'm aware that we have very few facilities here. I'm aware that the problem does exist. Right now, Ontario health services do not pay for these people to go to the US to get help. I think it'll increase.

When sports betting was introduced—I'm a mother. I have young teenagers. These children are gambling under age. There are no controls in the corner grocery stores to limit these children. They're spending their allowances. I'm referring to high school children, grade 9, grade 10 boys. They're wagering in the corner grocery stores. There are no restrictions there.

1100

**Mrs Mathysen:** That's not true. It's against the law.

**Ms McCay:** It is against the law, but they're doing it.

**Mr Tilson:** That's the whole problem. You people don't know what you're doing over there.

**Mrs Mathysen:** You claim there are no restrictions, but it's against the law. There are restrictions.

**Ms McCay:** The restrictions are not being enforced.

**Mr Tilson:** I agree with almost all of what you say. One topic I do agree with but I have some reservations

about, and that is the issue of the referendum. I may not even be speaking for my party on this. There's no question that this legislation is designed to increase gambling, to encourage people to gamble, no question. They want everybody to gamble so they can get more and more revenue. They're broke. To use their line, it's the tax on the poor, the people who think they are getting something for nothing, and they're not.

At the same time, all you've got to do is go to the CNE. We're talking minor gambling, but whether it's throwing nickels to try to win presents or whether you're looking at the casinos at the CNE or the flights to Atlantic City or Nevada, there are an awful lot of people out there who like gambling.

Having said that, how popular do you think gambling is? I'm relating to your suggestion that there be referendums in various municipalities around this province. How popular do you think gambling is in Ontario?

**Ms McCay:** Gambling is very popular. I don't have any access to numbers to say how many people gamble.

**Mr Tilson:** No, of course you don't.

**Ms McCay:** I really can't speak on that issue. I think gambling should be restricted so that it has to be a premeditated situation. It should not be open. People should not have the ability to have their grocery money in hand and be able to gamble at the same time. It should be treated as a sport or a recreation entity but should have restrictions.

**Mr Tilson:** The major thesis of what you're saying is that there don't appear to be sufficient restrictions on where this government's going.

**Ms McCay:** No.

**The Chair:** Thank you, Ms McCay, for presenting before the committee today.

#### ONTARIO FEDERATION OF AGRICULTURE

**The Chair:** Our next presenter is Roger George, president of the Ontario Federation of Agriculture. Mr George, you are no stranger to committee hearings.

**Mr Roger George:** Thank you for the opportunity of being here today. My name is Roger George. I'm the president of the Ontario Federation of Agriculture, which represents over 20,000 farm families in the province of Ontario. The OFA is also a member of the Ontario Agriculture and Horse Racing Coalition, which in turn has a combined membership of 47,000 farmers and horse racing people.

We in the OFA are extremely concerned with the potential effect of a proliferation of casinos and the effect that would have on the farmers of the province of Ontario. You may ask, why are the farmers concerned? The farmers are concerned because they have \$350 million on the line, \$350 million that horse racing people spend directly with members of my organization in their purchases of hay, straw, feed and other services. That is a very significant part of our gross farm income.

In fact, it's 6%. Very nearly 6% of Ontario's gross farm income comes to us directly from people connected with the horse racing industry. I'm not prepared to sit back and watch the horse racing industry diminish, because that will have a direct impact on the net farm income of my members. That's why I'm here today, because experience shows that in other jurisdictions where we have a proliferation of casinos the horse racing industry will contract by upwards of 30% to 40%. That means fewer horses and less money, ultimately, in farmers' pockets.

Along with that lost rural income—and that's what it is; it's rural income we're talking about here that's going to be lost—will go lost rural jobs, because nearly 50,000 people are obtaining some form of income at the moment from horse racing. We believe that between 9,000 and 18,000 of these may lose their jobs or that source of income. That's very significant. Again, a large portion of that is rural income.

Many of these people also have skills that are not readily transferable. They're very skilled at what they do in looking after horses and livestock, but those skills are not easily transferable, and there's going to be absolutely no training program that any government is going to be able to put in to make most of these people rocket scientists and computer experts. Many of those people in turn will end up on the welfare rolls of those very same rural municipalities that I'm talking about.

I want to know, where is the study, the complete study, that shows the social cost of this misguided venture? The fact is that it hasn't been done.

The municipalities are also extremely concerned about, as I say, this misguided adventure. This week I attended the AMO convention in Hamilton, the Association of Municipalities of Ontario, where there were 600 or 700 delegates representing every area on a municipal basis across this province; not just rural municipalities but also large urban municipalities. These municipal leaders of Ontario overwhelmingly passed a resolution supporting the points that I have made thus far. They also called for a complete study on the impact of casinos on farming and on the rural communities before this is allowed to go any further than it already has. They expressed grave concern over the wellbeing of the horse racing industry and the future of agriculture.

I was very pleased to see the tremendous support we got from mayors of large urban centres. The mayor of Mississauga made a very impassioned plea to the delegates at the AMO convention concerning the importance of keeping this province whole and not building everything on the backs of our rural communities and destroying them, because once again I believe that rural Ontario is going to be the whipping-boy for these misguided politics. The people of rural Ontario I think have had enough of being second-class citizens. We want an equal chance to play our part in the econ-



omic recovery, not to have part of our income stripped away from us and have an extra burden imposed on our welfare rolls.

Those people who seek their thrills in a casino, I don't believe they're shoppers or tourists; they're not hunters or fishermen. They're not going to leave one red cent in my municipality. Not one red cent of this casino money is going to end up in my municipality from these people as an economic spinoff. All that's going to be left of rural Ontario from a proliferation of casinos will be a trail of lower incomes, lost jobs and social upheaval.

I think what we have to be looking at in this province and in this country is to create some new wealth. We need some economic policies that create new wealth, and we need to bake a bigger pie instead of picking up the crumbs from one that's already there and is badly burned, at that. Where is the economic vision of the government of Canada? Where is the economic vision of your provincial government? Why would we ever try to build an economic recovery for our border towns on a concept that will cause greater harm and greater grief beyond the glitz and glitter and neon lights of these temples of chance?

Let me talk for a second or two, if I can, about the \$2 bet, which is the basic bet of the horse racing industry. I think I have distributed a sheet of paper which shows where the 18 cents of that \$2 bet that eventually gets back to the horse owners goes to. The money goes to grooms, farmers, veterinarians, transportation people, equipment dealers, blacksmiths, taxes, farm help, new buildings, hardware supplies, utilities, breeding fees. This money is spent in the rural areas. It drives part of the economy of the rural areas.

These casinos will not create any new wealth at all. I believe that the one-armed bandits which will appear in Windsor will just transfer cash to the two-armed bandits in the treasury here in Toronto.

This country was built on resources, by men and women who worked the land, by men and women who harvested our natural resources. People like Donald Trump are not nation-builders; they pillage and rape.

I will remind those on the government side that in 1990 your party won 27 rural seats. Many of those seats you traditionally had not held before. I am very concerned about the impact this policy will have on those rural constituents, and I would suggest that these seats you have on loan are looking like they could well be called. The loan could well be called by the rural residents in the future if this policy goes through and the effect is to the detriment of the rural communities.

I'm going to close by giving you a statement that I've used before, and it's directed to Premier Rae. I say to Premier Rae that if he wants to get into the gambling business, to come and see me. I'll fix him up with a 15-

year-old tractor, a thousand acres of land, a truckload of seed corn; then he'll be in the farming business and he'll know what gambling is really all about.

1110

**Mr Carman McClelland (Brampton North):** Mrs Caplan's going to go first.

**Mrs Caplan:** I thought I would be a little irreverent, if I could. Rather than asking a question, I'd just add a little something to your quote. I think all you'd have to do is provide Premier Rae with a manure spreader.

**Interjection:** That sums it up.

**Mr Dadamo:** You own the manure spreader, you have the boots, you designed it.

**Mrs Caplan:** He'll bring his own manure is what I'm suggesting. I'll yield to Mr McClelland.

**Mr McClelland:** Mr George, I appreciate your being here. One of the concerns that the opposition has had has not, I think, been adequately addressed, and we've asked from time to time for I suppose exactly what you have referred to in your presentation, a cost-benefit analysis, a comprehensive impact study. We have found the fact of the matter is that the initiative was driven by the Ministry of Revenue and a mandate was given to the ministry that is now in charge of the responsibility. It became an after-the-fact process: "We're doing it anyway. Now let's find out what the impact is and let's massage it accordingly to minimize any downside effects," and that's, quite frankly, my view.

One might say I'm a cynic and I come to it with a particular bias. I admit that. I come with that bias that I suppose is born in part from opposition, but I think in part from experiencing the sense of mismanagement and incompetence of not knowing where this government is going and its changing from day to day in terms of its tack. You know quite well what the position of the government was prior to the election in terms of its view with casino gambling and the change.

I would like you again, if you can in some way, to try and emphasize to my friends in government the impact on the racing industry, because what we hear time and time again is some passing reference to the fact, "We're doing a lot to help the race industry, we're doing a lot to help agriculture and we're meeting with them and they're happy." Over and over again the minister, the parliamentary assistant and other members of the government caucus will say, "People in that particular segment are satisfied," and yet we hear time and time again people coming, such as yourself, saying they're not satisfied.

We ask them to show us some evidence in terms of the resolution of some of the issues, and they come up with the logic that somehow it's more like, "I saw a ghost last night and I chased it out the window, and if you don't believe me, there's the window I chased it out of." That's the kind of logic we hear. "We are doing it,

trust us, believe us," and we hear the contrary.

Is there some way you can try and emphasize again that you have some very legitimate concerns and you need to have them addressed, and what needs to be done to mitigate the impact on your industry and all the support people, whether it be a moratorium, cost-benefit analysis, something that tangibly, concretely can be done that can address some of your concerns?

**Mr George:** Certainly I hope that this experiment doesn't go beyond Windsor. If it is to be that we are going to have the interim casino in Windsor, then for goodness' sake, let's use that experiment and analyse that very carefully before we build another 10 all around the province, as has been suggested we might by other studies.

I'm not really the one to be commenting on what the government is doing or should be doing for the horse racing industry, but very clearly, if we carry on with this casino experiment, the horse racing industry's tax structure is going to have to be addressed. There's no question that they're overtaxed in relation to how these casinos will be taxed. I believe that the tax regime dates back to the days when they had the monopoly on gambling, and so very clearly that will have to be addressed. I think it should be addressed anyway, regardless of the casino issue, because there have been lottery systems and whatever come in in the meantime. But I think the horse racing people are the best ones to determine what should be done for their areas.

Certainly from the point of view of the rural people for whom I think I speak, and particularly the farmers of Ontario, we have been telling government after government about the need to get on with some rural economic development. I don't think it's just downtowns and our border towns that need some economic revitalization; it's our entire province, and our entire province includes the rural areas. I get so frustrated with governments when they can blindly go on about the need for infrastructure, say for the Toronto transit system, and heaven knows we need it, but for goodness' sake, there's infrastructure needed out in the rural communities too.

If ever the time is right for these sorts of things it is now. I really believe that the people of Ontario are in the mood now to help themselves, and certainly in the rural areas we know that we have people there, farmers included, who do have money saved away and we want to find some ways and means to get that money into our rural communities to help to build those things, but we need government to free us of some of the shackles of rules and regulations so that we can get on with it. But I think that becomes part of an overall picture.

What really bothers me is if we've got this concern out there, I really believe that the Treasurer thinks he can build an economic recovery on casinos and the tax grab, and that is, as I say, not creating any new wealth.

I want him to get into the business of creating new wealth, because that's the only way at the end of the day that this country will ever regain its former economic status.

**Mr Ernie L. Eves (Parry Sound):** It's good to see you again, Roger.

It's interesting to note that the government in its Coopers and Lybrand study and in fact in a review done by a professor at the University of Toronto seems to be downplaying quite a bit the impact that casino gambling will have on horse racing and directly or indirectly on the agricultural industry in the province of Ontario.

I'm finding it hard in my own mind to put two sets of figures together. Coopers and Lybrand decides to opt on the side of the U of T professor who says that there are probably not 18,000 people employed in the horse racing industry in the province of Ontario. They say—this is Coopers and Lybrand's statement, "In the absence of current hard data..." We've been given all kinds of presentations, both by the agricultural industry and by horse racing. Standardbred Breeders and Owners yesterday said that there are 21,300 people licensed by the Ontario Racing Commission, and yet we have a U of T professor who says that there can't be 18,000 people employed in the industry.

He comes to the conclusion, and Coopers and Lybrand adopts it, that the impact on the industry will be 5% to 10% maximum. Every other experience in North America says it's between 27% and, in the case of Minnesota, 100%, because they don't have any racing program there because it's closed down with the advent of two casinos there. The experience in Manitoba's a 40% decrease. The experience in Wisconsin's a 50% decrease. The experience in New Jersey is 27% in attendance and 33% in wagering.

What are your thoughts on this matter?

**Mr George:** I'll start off by saying that nobody from Coopers and Lybrand had the decency to call me up and ask the Ontario Federation of Agriculture what the impact was going to be on that industry. We could have given them some figures. We could have given them this \$350-million figure and a whole bunch of other economic data to go with it.

I don't have the figures, Mr Eves; I don't know exactly how many people are licensed for horses or whatever. All I know is that on the occasions that I've been to the racetrack, all I see is hustle and bustle and people—young people, old people—working. Every time I see a horse I know that there are at least two people to go along with that horse. You don't see that two people go along with a slot machine. All I see there are jobs. I see economic things happening there.

1120

I don't know where Coopers and Lybrand got all their data from, but I just know that was a slanted



report. I haven't read it fully yet. I know it was a slanted report and I know it was designed to do a specific job for the government. All I'm saying is, let's get to the truth of this matter and do the full economic impact before we go ahead with this misguided venture.

**Mr Tilson:** Thank you, Mr George. I too appreciate meeting you again. I come from a rural community and I've met you several times in my riding, and your last comment is most interesting, that Coopers and Lybrand had not consulted you, particularly when we all know—I mean, we may dispute the figures, but we all know that the farmer in this province is going to be affected by this legislation, either directly or indirectly. The feed people are going to be affected, either directly or indirectly. Certainly, the horse racing industry is going to be affected, directly or indirectly.

I gave the example to one of the previous people who appeared this morning of the fact that it's been drawn to my attention that, notwithstanding that the government hopes that even more people will start gambling—of the people who gamble in lotteries or racing, that will expand—on the other hand, it's a feeling that there's only so much money out there to gamble and that if you start emphasizing casinos, which is what this government is doing, the effect—and I appreciate your effect on the \$2 bet; that's a most interesting comparison—is that it's not there, that the whole initial premise of the Treasurer saying, "We're going to get all kinds more money," is not there. Common sense tells us it's not there, that people aren't going to put as much money into lotteries and they're certainly not going to put as much money into horse racing.

In fact, one of the earlier people who came—I don't know whether you heard him or not—said that the big gamblers in horse racing are also now going to move into casinos. They are gamblers, and I'm not saying that in a derogatory sense. The fact of the matter is that there are big gamblers in the horse racing industry. Those people are going to go into gambling. So it makes common sense that the racing industry and hence, as you go down the farming industry, the feed industry and the tack and all those other industries of which you are more aware than I am are going to be affected.

I'm essentially giving back what you have said but, in the light of the fact that you and I know that there are farms around this province, farms in my own riding that you know of personally, that are barely holding on to the edge of the cliff for fear they're going to fall off, could you elaborate on some of those things?

**Mr George:** Well, sure. I agree with you that I think there is a finite amount of money out there to start with and when people have to pay their mortgages and feed the family and whatever, we've got people out of work, I don't believe that we're going to get a—you know, the pie for gambling cannot, in my mind, get bigger.

When you start talking about the farm families that are hanging on—I'll give you a personal example. Now, I'm not hanging on, but this spring I sold about \$1,500 worth of oats and hay to some horse owners in my township. That was the difference for me between having that cash in my hand to go out there and buy my seed grain for this spring for cash and having to go to the bank and borrow that operating money. That was very important to me. It was a welcome injection to my cash flow. I didn't really expect it. Somebody just came in off the street; they were horse owners. And that is the effect it has on my operation.

So that was very important to me, and I think you could multiply that many, many hundreds if not thousands of times across the province of Ontario with farmers. One of the largest corn farmers in this province, the former chairman of the Ontario Corn Producers' Association, who farms 5,000 acres of cash crops, sells a tremendous amount of hay and straw and feed to the horse racing industry. Given the fact of all the trouble we've had in producing grain for profit in this province for the last 5 or 10 years, I know from the former chairman of the corn board's conversations that that has been of vital importance to him in maintaining his cash flow.

**Mr Sutherland:** I just want to state a couple of things before I ask you a question. First of all, for the Coopers and Lybrand study, the horse racing coalition was consulted; you said that you are a part of the coalition, so input was had that way.

**Mr George:** I am here today as a representative of the Ontario Federation of Agriculture.

**Mrs Caplan:** They were not consulted.

**Mr George:** The OFA was not consulted.

**Mr Sutherland:** I understand that. I'm just saying the coalition was, and you're a part of that coalition.

**Mrs Caplan:** Unbelievable that you would say that, Sutherland.

**Mr Sutherland:** You also talked about rural economic development and, as you know, Bill 40—

**Mrs Caplan:** You're a little defensive about this.

**Mr Tilson:** You're in big trouble.

**Mr Sutherland:** —the Community Economic Development Act, is also being debated this week. We know from both Jobs Ontario Community Action and a significant number of water and sewer projects that were financed this year that a great deal of that money did go to rural communities and did go to smaller rural communities to help them with infrastructure.

There was an article in yesterday's *Globe and Mail* by the columnist who follows the horse racing industry, Neil A. Campbell. He highlights some of the issues in the industry, talking about a dispute between the jockey club and Flamboro Downs about who should be provid-

ing simulcasting for the Little Brown Jug race. He talks about how technology and the government legislation have made it possible for tracks anywhere to pick up and wager on races. He talks about the dispute. He goes on to say: "Many thousands of jobs are going to be lost in racing in Ontario during the next few years. It's going to happen one of two ways. Either tracks will do the sensible thing and cut back live racing on their own, or the fans are going to continue to desert the sport in droves, fed up with inane repetition."

Mr Campbell seems to be implying there are problems facing the industry and that there's going to be significant job loss outside of the issue of casinos and that there are issues facing the racing industry—increased competition for the entertainment dollar, in general, is a significant issue far outside the issue of casinos. I'm wondering if you had any comment on that.

**Mr George:** I think it's fair to say that there are pressures on all sectors, all industries, which may necessitate cutbacks and whatever. All industries—agriculture is among those; horse racing is probably among those—are going to have to make changes in the way we go about doing business. I think that's just evolution. That's the pressure of the state of the economy, whatever. I don't dispute any of that.

What I'm saying, though, is there's absolutely no point in making an existing problem even worse, and if we accept the fact that the industry needs to change, then for goodness' sake let's not put another weight on their back and make that change even more. Sure, we're all going to change. I'm going to be changing the way I do business in agriculture too.

**Mrs Mathysen:** I think Mr Sutherland's reading my mind here. I have to change my question a bit. Roger, you said something quite interesting in terms of needing many fronts, and very clearly, we need to find the solution to the problems of rural, urban, all Ontarians. It's been a tough 10 years in rural Ontario.

Mr Sutherland mentioned the committee that both of us were on last week, the committee that's looking at the financing of projects in Ontario so that we can get more communities going and also the community economic development. Now, I know that the OFA has worked diligently with government. The ethanol project is just an example. Can you describe other areas where the OFA is currently working in order to find those many fronts that we need to bring this province and agricultural communities back to life?

**Mr George:** Well, I think you're absolutely correct that there are many fronts here. It used to be that when we spoke about agriculture our only real contact was the Minister of Agriculture and Food. I find myself more and more talking to the Minister of Municipal Affairs, the Ministry of Economic Development and Trade, the Ministry of Environment and Energy. All these things

become interrelated because when we talk about rural development there are so many ministries that have their finger in the pie, so to speak.

The real danger in this whole thing, as we attempt to bake a new pie, is the fact that either through inter-ministerial jealousy or competition or overregulation, it makes it impossible for those local people to move ahead with some of their projects, so that if I, as a farmer, decide I'm going to diversify somewhat and put in a value added operation on my farm, a little processing plant or whatever, the last thing I need is 10 ministers coming in, each with their set of rules that make it just about impossible for me to ever get a stone laid.

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That's the challenge we face. That's part of what I told the AMO convention this week. We have to free the local people, who know best how to deal with their municipalities, so that they've got more flexibility to plan and make their own rules, and get rid of this top-down government. It's impossible to have one set of rules for the entire province.

**Mrs Mathysen:** So in terms of our community action planning, putting the community back in charge and saying, "All right, community, you know what you need in order to make the community viable. We want you to develop the plans and tell us, government, how to make it work," we're on the right track there?

**Mr George:** That's a step in the right direction.

**Mr Wayne Lessard (Windsor-Walkerville):** In your presentation, you made reference to many predictions and opinions and results of consultations and your disagreement and agreement with some of them and some of the problems that are facing not only agriculture but many business here in Ontario. I, as a member from Windsor, can indicate to you one statistic that I really agree with, and that is that we expect that 80% of the people who would be coming to the casino would be from outside the province of Ontario, and that is going to have an impact on the community that we've never seen before.

I'm reading from an article that was in the Windsor Star on August 11, 1993, by Dr Mageed Ragab, who made a presentation before this committee last week when we were in Windsor. He's talking about the positive impact that would have on business. He says: "Take food, for example. Imagine the millions of pounds of meat, poultry and fish that will be consumed. Then there are those who will supply the food suppliers with what they will need, from auto and truck leasing to electrical and plumbing works." So it would seem to me that there would be an opportunity for a positive impact on food growers, food suppliers and food processors from this initiative in Windsor. I wonder whether you can give me some idea of how your industry can benefit from that.



**Mr George:** We can all benefit from increased tourism if indeed that's what it is. I just hope that these people will stay long enough to actually eat a meal in Windsor. I hope the mayor of Detroit doesn't build a casino across the river a year after you build yours.

If these things come to pass, if it works, yes. I mean, clearly as farmers we're interested in working with the restaurant trade in providing the type of foods that consumers want. Again, I think it's kind of important that we recognize that the restaurant trade in turn, and consumers for that matter, patronize domestic product wherever they can as well. I think we do have a major ongoing education process to get Canadians to have some pride in the product that they grow and process here, because from the agrifood sector point of view—and I talk more now about agrifood than I do about agriculture, because I think that's where the future lies. This \$6-billion industry which I'm involved in directly, agriculture, spawns a \$50-billion spinoff industry. That's where the future of our farmers lies, in making sure that we are ultimately supplying the consumers. So if you can bring me some more consumers to feed, then that's fine with me too from an agriculture point of view.

**The Chair:** Thank you very much, Mr George, for presenting before the committee.

#### WOMEN IN HARNESS RACING

**The Chair:** Our next presenter today is Dr Moira Gunn, secretary-treasurer of Women in Harness Racing.

**Dr Moira Gunn:** I'd like to thank you for the opportunity to appear here today. I'm here as a representative of Women in Harness Racing. We are a group of women who are extremely concerned about the effects of casino gambling on our livelihoods and on our families. Everything that we have seen so far points to casino gambling being a negative influence not only to our industry of horse racing, but to our families and friends. The reasons for our concerns are multiple.

There's no mandate for this government to introduce casino-style gambling here. The NDP government was elected by democratic process. That appears to be where the democratic process ended. The NDP had always declared itself opposed to casino gambling; that is, until after the election. Since then they've made a complete reversal in policy with their introduction of casino-type gambling. The government has no mandate from the people of Ontario to proceed with Bill 8.

Casino gambling is a controversial issue. Surely such controversy deserves either a referendum or to be delayed until the next election, where it can be an election issue. To proceed with an agenda that has never been presented to the people is not commendable. To proceed with an agenda that is a complete reversal of previously stated political policies after you are elected is, in my opinion, deplorable. This in itself should be adequate reason to stop Bill 8 until after an Ontario-wide referendum or until the next election. However,

there are many other reasons why Bill 8 should not proceed.

One of these is horse racing and agriculture. The committee should be aware of the damage that casinos will inflict on the horse racing industry, agriculture, and the numerous smaller industries that feed from the horse racing industry.

An Ernst and Young study prepared in 1989-90 showed horse racing in Canada was responsible for 72,000 jobs, 49,000 being in Ontario. Compare this to 55,000 jobs in logging and forestry or 53,000 in mining and quarry. This shows horse racing is a major industry.

The Price Waterhouse study in September 1992 indicated a potential 33% decrease in wagering, with between 9,500 and 18,500 jobs being lost in horse racing and agriculture.

The Coopers and Lybrand study suggests that the level of decrease in wagering could be held to a 5% to 10% level. This is vastly different from the conclusions of studies done by Price Waterhouse and the University of Louisville. Why would this study, commissioned by the current government after the announcement of a Windsor casino, differ so drastically from other reports and from previous experience in other jurisdictions?

I am not an expert in statistical methodology, nor do I claim to be. I believe that the majority consensus is more often right than wrong—this is the theory of democracy—and I also believe that history repeats itself. Both New Jersey and Manitoba experienced marked decreases in wagering after the introduction of casinos there. This experience can be expected in Ontario as well.

The Coopers and Lybrand study is the only one suggesting limited damage to racing. It even suggests a 5% to 10% decrease in wagering. All the other studies suggest severe decreases in wagering, and I believe this majority opinion of severe decreases in wagering will hold true.

While I openly admit to making minor presumptions about majority consensus being right and about historical repetition, I believe they are less presumptuous than some of the conclusions and comments of Minister Churley and her study team. For the study team to presume that it can obtain the necessary information to comprehend our industry without talking to all groups concerned—most notably absent was the Horseman's Benevolent and Protection Association, and I also know that Mr George was not consulted—and to presume that the casino will be profitable like Las Vegas but not result in the criminal activity present in Vegas are far larger presumptions than my own.

The Coopers and Lybrand report bases much of its findings on a comparative study. In making a comparative study, a company such as Coopers and Lybrand must make presumptions in that comparison. That is

what a comparative study is based on. However, those presumptions made should be reasonable, and epidemiological protocol demands that assumptions should be conservative.

Presumptions made by the Coopers and Lybrand report are, in my opinion, unreasonable. For Coopers and Lybrand to come up with the highly quoted figure of \$850 million in revenue is based on a seriously flawed comparative study. This makes their entire report open to criticism, which in my opinion is justified criticism.

Some of the comparisons which I object to are basing the comparison of this study to that of Atlantic City. The correct part of the comparison in comparing Ontario casinos to Atlantic City is that, yes, Atlantic City has a base of day visitors. In fact, the average stay in Atlantic City is approximately five hours. However, Atlantic City casinos are major entertainment centres containing far more than gambling. The gambling there contains craps, keno and Pai Gou, which Ontario will not have. Ontario casinos cannot accurately be compared to this.

The Coopers and Lybrand study presumes we will have a unique monopolistic position. This is inaccurate. We will be competing with the entire North American gambling community.

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Secondly, the study presumes that Ontario casinos would be able to achieve a win-per-gaming unit premium of 25% over the average of Atlantic City. They base this on Ontario's unique monopolistic position; again, inaccurate. This is an unrealistic presumption and we will be competing with casinos in numerous other close locations.

If you presume that we will only do 75% as well as Atlantic City, this immediately drops your \$850 million generated to \$500 million. If I could use an earlier presented figure here from, I believe, Mrs McCay, who suggested that, based on some numbers, with 18,000 unemployed, this would cost us another \$300 million in social expenses, this reduces the Coopers and Lybrand net profit to \$200 million. Take into account increased policing around the seven new casino sites and decreased retail sales in Ontario with lost economic drive—after all, Coopers and Lybrand's study says that 40% of money will come from Ontario residents, and they will be spending less in our stores—and basically, the Coopers and Lybrand study ends up with a net zero profit. I repeat: net zero. I would not wish to base a political career or party future on such a questionable study. The government needs further research.

Another reason for not considering casinos in this province is that of crime. Introducing casinos in Ontario will result in increased crime. This is inevitable. Total crimes increased 75% in Atlantic City in the first five years of casino gambling. This compares to a 17%

increase in the same time period in Detroit. In Black Hawk and Central City there was a 300% increase in drunk driving arrests and citations after the introduction of casinos, and 75% of all local police reports there are now related to disturbances involving casino patrons. Atlantic City, with its population of 47,000 residents, has a police force of 400. They had to develop a casino crime unit due to stress on the police force when casinos opened. It appears obvious that casinos bring crime and further pressure on an already stressed police force.

Another reason for not having casinos in Ontario is economics. It is an unrealistic idea that the gambling dollar is infinitely elastic and that the market will keep expanding. Casino gambling has been legalized in many states. The Oneida Nation opened a casino in Verona, New York, in July, located two hours east of Buffalo. It now appears that Detroit may soon have a casino in or near that city. While it is hoped that casino gambling in Ontario will attract tourists, it is more likely that as gambling opportunities proliferate across North America, the majority of customers will be local.

Investment analysts in New York and Toronto are suggesting that casino gambling stocks available on the US stock exchange are no longer good investments. They report that growth in the industry has slowed while gambling outlets continue to multiply. They indicate that the gambling bubble is about to burst, with only the strongest surviving, primarily those who have diversified into an all-inclusive mega-entertainment centre. Minister Churley may have been more accurate than she realized when she said Ontario was behind the times in entering casino gambling.

While I keep hearing that the people of Windsor want a casino, I am unaware of any referendum indicating this. I suggest such a referendum include all Ontario residents, not just Windsor. Having spent the earlier part of this week as an observer at the Association of Municipalities of Ontario conference, my experience talking to people there is that the majority of municipalities do not want casinos in Ontario, but I would of course welcome a referendum on this issue.

It must be realized that putting a casino in one municipality affects all of Ontario, not just the single municipality. AMO overwhelmingly passed a resolution calling on Premier Rae and his government to study the impact of casinos on the economy of rural Ontario before allowing a proliferation of gambling establishments. Why is the government rushing into casinos without an economic impact study evaluating the effect on racing, agriculture and rural Ontario?

I have also heard criticism that the racing industry has been slow to respond to the competition of lotteries. The government only need look at its taxation of the racing industry and it is remarkable that it has done as well as it has. Prior to the introduction of lotteries, the



racing industry had a monopoly on gambling in Ontario. For this privilege, they paid a heavy tax. Once lotteries were introduced in 1981, the monopolistic tax remained while the horse racing share of the gambling market fell to 27%. This crippling tax has been the number one reason why racetracks have been only moderately aggressive in marketing and promotion. When you are economically strangled by paying an excessive tax, it is difficult to find money for progressive steps.

If Ontario reduced the current provincial tax to half of 1% that would return in excess of \$50 million to racetracks for growth. While the NDP government appears critical of racing, it continues to assure us that maintaining our viability is a very important priority and will receive the serious attention it deserves. No concrete initiatives have resulted from this. Even worse, the government appears determined to hand over our future to our competition by asking casino bidders to give Windsor Raceway some consideration.

What other industry would tolerate, let alone survive, what the Ontario government has done to horse racing? With the introduction of lotteries, that would be the equivalent of the government opening a government-run car plant in Windsor next door to Ford, but telling Ford they will pay taxes in excess of what is realistic, then 10 years down the road, criticizing Ford for being cash-starved, with poor promotions, so now the government is going to open a second car plant next door and they expect us not to be concerned.

I maintain that the government has rushed into casinos without proper studies and with unclear plans. The government has wasted taxpayers' money by its unclear and shifting direction. An example of this is in its request for proposals for the interim casino location. The RFP was quite clear regarding the number of dedicated spaces required for parking. While submissions were received by the government from the Windsor Art Gallery, Cambridge Shopping Centres and on behalf of Windsor Raceway Inc, only one location guaranteed the dedicated parking spots and this was not, I repeat, not the art gallery.

One hour prior to the closure deadline for the RFP, both Windsor racetrack and Cambridge Shopping Centres were informed that the interim casino would be located in the art gallery and their proposals were no longer required. This resulted in two disastrous economic consequences: First, both Cambridge Shopping Centres and Windsor Raceway have been offered financial compensation up to \$50,000 each and I understand this is quite inadequate. Secondly, the choice of the art gallery, with its smaller floor space and on a multilevel design, will have far less revenue prospects than the proposed larger, better-designed buildings by the two other proponents. With this type of government decision-making, Ontario could be left with multiple white elephants while irreparable damage will have been

done to the horse racing and agricultural industries.

In summary, I have some suggestions that could perhaps improve the Bill 8 legislation. I would, of course, prefer a referendum or that the bill be held to an election. However, if that is not the case, if Bill 8 will not be put on hold until a provincial referendum or a general election, I would suggest the following.

If Windsor is to truly be a study model it should be legislated as such for a minimum of a two-year study period. Racetracks should be allotted central space in casinos for wagering and that wagering should be owned and controlled by racetracks. Order-in-council powers should be eliminated from this bill. Video lottery terminals should be excluded from Bill 8; they should be covered by separate legislation. Provincial tax on horse wagering should be eliminated to allow recovery of this abused industry.

I would certainly be happy to answer any questions that I can for this committee.

**Mr Eves:** Again, I go back to the recurring discrepancy we have about the number of persons employed by your industry. You've again said here today, as many in your industry have, that the number is somewhere between 30,000 and 50,000 in the province of Ontario, yet Coopers and Lybrand and others say there is no more than 18,000. They discount owners, they eliminate automatically racehorse owners and they also apparently eliminate anybody who works for an owner. How do you account for this huge discrepancy?

**Dr Gunn:** Part of the discrepancy, as you say, is that they have eliminated racehorse owners as employed in the industry. They have not recognized that many racehorse owners work full-time owning and training their own stock and there are a number of examples of people who do that.

**Mr Eves:** I am intrigued by your comments about video lottery terminals. We had a representative of the Ontario Hotel and Motel Association in yesterday or the day before indicating that association would like to see VLTs in all licensed establishments in the province. What's your reaction to that?

**Dr Gunn:** VLTs have shown themselves to be the most addictive form of gambling. They are the most difficult to regulate with controls. I think the experience that was shown out east with problems with the VLTs where they were removed, except from licensed premises, showed that a lot of time and consideration will have to be given to this issue before they are even considered. I don't think this bill is the time or the place to do that.

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**Mr Eves:** Why would you suppose the government does not want a referendum on the casino gambling issue, if it's as popular as they believe it is?

**Dr Gunn:** I'm sure their reason would be that

they're trying to save taxpayers' dollars or whatever. My true opinion is that they do not want a referendum on this issue because they would lose.

**Mr Eves:** Only one way to find out.

**Mr Tony Martin (Sault Ste Marie):** I understand the concern you bring and the tremendous strength of feeling that comes with your presentation. However, having been a New Democrat officially since 1975, there is no policy on the books in our party re the question of casinos.

**Dr Gunn:** No, I have taken it from Hansard extracts.

**Mr Martin:** Certainly, there have been those who have spoken out against casinos, as there have been on almost every issue that confronts the country and the province. There are things on the books in the New Democratic Party that I certainly challenge at appropriate opportunities, conventions and things like that, but there is nothing on the books in the New Democratic Party that is either for or against casinos.

However, my question for you and my concern in all of this is the fear—and I guess I do understand it—of competition. You talked a lot about democracy and it seems to me that with democracy goes the importance of a free marketplace. A marketplace is often dictated by the wants of people—

**Mrs Mathysen:** Fair trade.

**Mr Martin:** And fair trade.

**Mr Eves:** Free trade.

**Mrs Mathysen:** Fair.

**Mr Martin:** If people want to and are interested in buying a certain commodity, they will do that. I think the people of Ontario have shown in great numbers that they're interested in wagering and games of chance through the lotteries and the fact that so many of them take off every weekend to places like Vegas and Atlantic City.

I live in Sault Ste Marie and we're certainly very interested in a casino. We have already some competition across the river. However, the folks across the river don't see it so much as competition as an opportunity to build a critical mass of attraction to our area so that people will come in and spend some dollars on not only the gaming opportunity but so much else that we have to offer by way of tourism.

I guess I would be hoping that the racing industry would look on this as well as the same kind of opportunity, and I would ask your comment on that.

**Dr Gunn:** Yes, I'd like to comment on a number of the things you said. First of all, on the NDP policy, I have always presumed that what party representatives said in the House was what they felt and believed, and the NDP has been recorded many times in Hansard as being against casino gambling.

In terms of our industry being afraid of competition

or wanting a monopolistic position, I would say that is what the government has. Will you allow racetracks to sell lotteries and have casinos? That is open and free trade. For you to have an individual style of casino with a government monopoly is not free trade or open competition.

I also believe if you want open competition in this industry, then the design of the government casino is not designed to help that.

So I really object to saying that we are looking for a monopolistic position. I would say that the government is more responsible for ensuring that what it introduces in the way of casinos is going to have some benefit. Otherwise, why would the government be doing this? If a private individual wishes to invest money in a casino and either lose it all—pay for the building and have great losses, that's one thing, but when you're dealing with taxpayers' money, that's my money. I object to your opening up casinos, which I do not feel will benefit the economy.

**Mr Martin:** As a point of clarification, Mr Chair, there is no taxpayers' money going into this.

**Mr Noel Duignan (Halton North):** Absolutely not.

**Mr Martin:** It's going to be run by the private sector.

**Mr Duignan:** Exactly.

**Dr Gunn:** Excuse me, who is paying for the studies that are going into this?

**Mr Duignan:** The casino project.

**Dr Gunn:** And who is paying for the casino project team?

**Mr Martin:** The enterprise itself, which is what I'm talking about here. There is no government money going into that enterprise.

**Dr Gunn:** Excuse me, in any form of development, company development, there is research that goes into that and that is part of your product cost.

**Mr Martin:** We do studies of various sorts and sundry through the Ministry of Economic Development and Trade, as did the opposition when it was in government, on all kinds of things, but the enterprise itself is going to be invested in and funded by the private sector.

**Dr Gunn:** That I am aware of.

**Mr Sutherland:** If there should be a referendum on casinos, should there not be a referendum on lotteries, bingos and all other forms and, for that matter, wagering at the racetrack?

**Dr Gunn:** I take your point. Again, the government introduced lotteries in 1981 without a referendum. Horse racing has been established for the longest period of time. I'm not sure it would be fair to go back to the car industry and say we're going to have a referendum on whether we're allowing car plants here. I think established industries do have a priority. I think new



introductions and changes, such as casinos, would demand a referendum.

**Mr Sutherland:** But it's a form of gaming. You have a couple forms of gaming and you just have another form of gaming right now.

**Dr Gunn:** I do not object to gaming.

**Mr McClelland:** I suppose, Dr Gunn, you sense some of the frustration we felt in opposition with the little sort of side arguments that really don't address the substantive issue.

Let me use an example, and you term it as an example on page 5 of your brief, but I think it's illustrative. We talked about the development of the interim casino as an issue. We had heard in response, "That's all right, the people overwhelmingly in Windsor in fact wanted it downtown," and that therefore justifies, retroactively, if you will, the mismanagement in the process it went through, this charade of putting together a proposal, having people invest a considerable amount of time and money and effort in going through that and then, as you say, pulling the plug about an hour before the requests for proposals were even opened.

After the fact, the government says, "Well, that's okay, we maintain the right to do that," and that is supposed to give people some sort of comfort level in terms of the management. Then you hear questions with respect to my friends over here. They talk about gaming and somehow that's comparable to the issue of the horse racing industry and the impact and the economic impact.

I suppose what I'm trying to drive at here is—and you use it as illustrative of the issue—what level of confidence do you have when the government says: "It's okay. Trust us. We're going to manage cooperatively the impact on the horse racing industry and all of the ancillary industries and support behind that"? That's the message we've heard in this committee: "It's okay. We're going to take care of it. We have a plan. Trust us." How do you respond to that?

**Dr Gunn:** I have serious concerns and I used the RFP for the interim casino as an example of indecision and poor management. Coming from the private sector, good management is the only way you survive out there. I have no problem with the interim casino going in downtown Windsor. Why did you put these companies to the expense of doing an RFP for the proposal when, if you'd just taken a little more time and assessed the situation, you would have known you wanted it in the art gallery in downtown Windsor? It would have saved a great deal of time and money for these companies. If that is the type of management and overseeing and responsibility you're going to show when dealing with the private sector that's going to run these casinos, it's not going to work.

**Mr McClelland:** How does that reflect in terms of your confidence level, in terms of the management, the

cooperative management, that is being promised to you with respect to the horse racing industry?

**Dr Gunn:** I have zero confidence at this point.

**Mr McClelland:** I just wanted to sort of get a sense of the weight of representation that you have. Women in Harness Racing—how many women are associated with the industry? You may have mentioned that in your brief and if you did so, I apologize, I missed it. How many people do you represent?

**Dr Gunn:** Women in Harness Racing is a non-profit, volunteer organization and horse racing is one of the few industries where women have probably a larger percentage of the employment opportunities there. There's also an excellent number of women who have excelled and exceeded in this industry, so in that way it is also unique from a woman's point of view.

Our representation: We have approximately 500 active members and beyond that there are many loosely—how do I put it? Members who are not intimately involved with the organization but who do from time to time come in on issues such as this—and there's been an incredible response to this issue.

**Mr McClelland:** Just for the record, I presume it to be correct but I'd like you to affirm if in fact it is correct, that this is principal employment, this is the gainful employment of those individuals. This isn't just a hobby, a part-time little sort of hobby at the racetrack. This is the bread and butter, if you will, of—

**Dr Gunn:** It would be their main source of income.

**Mr McClelland:** Are many of those in a situation where they would be the sole supporters of a family or individuals who are self-supporting?

**Dr Gunn:** There are many instances where female grooms are single mothers and this industry, because of its time frames where you start early in the morning and can get off for the afternoon—many women can pick up their children at school and it's well suited to women who have children.

**Mr McClelland:** So it's a reasonable assumption—and perhaps more than an assumption—it's a reasonable extrapolation that the impact on those 500 or so women would have multiple impact in terms of their families and their children and so forth.

**Dr Gunn:** That is correct.

**The Chair:** Dr Gunn, thank you for presenting before the committee today.

Committee members, I just want to let you know that the clerk has given me some information she'd like me to share with you, that your tickets and itinerary for next week will be hand-delivered to your offices this afternoon. Next week's agenda will be presented to us after lunch. I just want to remind all the committee members that we only have one hour for lunch today. This committee is recessed and we'll resume at 1 pm.

*The committee recessed from 1201 to 1303.*

UNIVERSITY OF WINDSOR

**The Chair:** Our first presenter this afternoon is Dr Roy Ianni, president at the University of Windsor.

*Interjection.*

**The Chair:** Oh, I'm sorry. Dr Ron Ianni. Welcome to the committee. You have 30 minutes within which to make your presentation and field some questions.

I'm glad to know that you're representing the University of Windsor and not the art gallery. There was a little confusion over that, and as you know, we have not allowed anyone to present twice on behalf of any particular agency. So you may proceed.

**Dr Ron Ianni:** Thank you very much, Mr Chair and members of the standing committee. I appreciate the opportunity to be able to address the committee. Unfortunately, I was not in Windsor when your hearings were held there and therefore I took advantage of this opportunity to say a very few words to you.

I know these are the last hours of your hearings here in Toronto, so I don't intend to repeat a lot of what has been said, particularly by those briefs which I support. However, let me introduce myself first and my activities in Windsor, and I say so not claiming any special merit for either myself or the University of Windsor. It used to be desiderata that universities provide some service to their local community. That's no longer desiderata. In fact, all universities contribute positively to their communities and it's considered to be a responsibility to enrich the debate, if possible, and certainly make sure there's some critical analysis to public issues of the day.

In addition, as has already been mentioned, I am currently the president of the Art Gallery of Windsor and was a member of the original committee which led up to the proposal for casino gambling in the province, and indeed one of my colleagues in the faculty of business administration was responsible for drafting the business plan that was presented to the government.

The university is the fourth-largest employer in the city of Windsor, employing over 1,700 people, with an annual operating budget of \$127 million, and on a very conservative estimate, contributing more than \$80 million to the local community on an annual basis. We have 16,000 full- and part-time students in 10 faculties and a post-graduate faculty of some 900 students.

You might say that as far as impact on the local community is concerned, of course this particular project has been of great interest to myself and my colleagues. I guess in response to other briefs that you may have heard that are not supportive of this particular legislation, let me say that I think in human affairs it has been proven abundantly, for those who are prepared to look at history, that prohibition has seldom had the desired effects. In fact, they've had the very opposite effects.

So in these activities where people have already expressed a desire to participate, I think regulation and systems in place to help those who might be addicted to some kind of abusive behaviour would be much more important than pure prohibition. Indeed, in some other current affairs, we might look with some interest and I think some benefit at the experiments that are going on in substance abuse in countries such as the Netherlands.

That said, I certainly have some difficulty with the Ontario Agriculture and Horse Racing Coalition in the province. Once again, I guess I can suspect that for those industries that have the privilege of a monopoly, the whole concept and ethos of competitiveness and ability to move with the times has not been characterized in those particular industries.

I might say that certainly our committee was committed to working with the horse racing industry and will continue to do so. We consider, of course, once again, that this particular project is not only a revenue-generating project for the province but would be a very important project in ensuring a completion of the convention and tourist industry in the Windsor area. We certainly will impress upon those who ultimately will be given responsibility for operating the permanent casino to cooperate the best they can with the Windsor Raceway.

I would like at this point just like to congratulate the government for its initiative. It is obviously a courageous step and one which I think, if properly controlled, will lead to not only increased revenue but an operation that will enhance, as I've indicated, some other industries in this particular province.

Let me say there was a vigorous debate in the city of Windsor with regard to casino gambling, and I trust it was followed by other communities. I think it was an informed debate and in the final analysis less passionate than one might have thought and certainly informed with a good deal of reason and, as one might have said, a little bit of hope.

We have been trying to tell our colleagues that the expectations might be overly large and that it is important for us, at this stage, to ensure that this particular project has a balance between revenue generation on the one hand and social impact on the other.

Once again I think it's important that, while the generation of revenue in this day and age is a very important consideration, one must also of course look upon it as employment opportunities for young people and, more importantly, that if properly monitored, we can avoid the excesses of those experiences we see south of the border in the United States and in other jurisdictions.

Once again, speaking on behalf of my colleagues, we are very concerned about the social impacts of this particular industry on the local community and on the



broader provincial community. I'll have something to say about that in a minute in my recommendations.

Once again I'd like to incorporate by reference some of the recommendations that have been made in the R.C. Pruefer brief, which was very extensive and which was given to you in Windsor. I'm not quite sure that I agree and I don't have the technical background to agree with one of the recommendations that deals with the whole question of extension of credit in casino gambling, but it's one that you might want to question other experts on as you continue these hearings in the rest of the province. I still have a question in my mind and I certainly would not be in a position to criticize the appearance of that in the legislation.

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My recommendations are fairly brief, but let me go through them seriatim for your purposes. I would hope, as recommendation number one, that the legislation will provide for community involvement in decision-making not only in Windsor, but in the event that this pilot project is considered to be a successful one, in other communities as well, and that there be representation on the board of directors, representation on committees established to monitor the impacts of casinos—I'll come back to that again—and representation on the regulatory agencies.

My recommendation number two is that the legislation incorporate sound principles of checks and balances which will ensure integrity in both fact and appearance, and primarily that there be a separation of the audit and control from day-to-day management, even if this means placing the audit control function in a separate ministry from the crown corporation. I think this is of the utmost importance.

Number three is that the legislation ensure that the crown corporation is as serious about minimizing social risks as it is concerned about revenues and economic development. That just underlines a point I made earlier. More specifically, I hope that we would incorporate a statement that recognizes that the public good is the first overriding consideration of gaming policy and its enabling legislation, and that there be an incorporation of a statement of operating philosophy and objectives which will guide the formation of regulation and operating principles.

The Legislature should consider that the one difficulty in turning principles such as I've just announced as minimizing social and cultural risk into effective policy is measurement. Here, there is a specific recommendation which I'd really like to highlight: that is that Bill 8 needs to incorporate the creation and funding of an independent and objective committee to monitor both the social and economic impacts of the implications which will take place as a result of this particular activity.

Of course, coming from where I do—you will not be

surprised by my offering to have the University of Windsor, in collaboration with our other universities and colleges in the south and west of Ontario, to volunteer our particular services and also some space, if necessary, to make sure that this monitoring agency take place. I think it's very important. In fact, if there's only one message I can leave with the committee, it would be this one.

The next recommendation is that the legislation recommend that the statutory justification for this legislation is economic development and revenue generation by the province, and that there are risks which accompany provincial dependency on this source of revenue. The province should be aware that the social consequences of aggressive competition with the industry which derive from increasing profitability will really have to be taken into account.

Bill 8, therefore, should include specific legislation concerning the expansion of casino gambling, a strong voice for municipalities in the expansion process, with the ability to accept or reject recommendations for the existence and the nature of casino gambling in an individual community, and that legislative limitations on a casino win tax and other demands and dependency for revenue from casino gambling be instituted.

Also, in these recommendations, I would place this in the second category, that is, ensure that there be something in the regulations, or in the legislation if considered appropriate, to ensure the implementation of the provincial commitment to provide 1% of the construction cost of buildings for purposes of art acquisitions. The provincial government has already committed itself to that and of course has implemented it. I think it would be important, whoever builds the casino, that this same commitment come forth as an important contribution to the cultural life of the province.

Let me just conclude. These are suggestions. Obviously, the jurisdiction of the federal government is not within your purview, but it certainly is something that you can recommend to the government, to take immediate action to ensure that there be some amendment to the Criminal Code to allow table gambling—dice, for example—and that those provisions be amended or there be an agreement between the federal and provincial governments to allow that in the relatively short term.

I say this as a kind of competitive thing, because I understand that the Chippewa band is about one step away from establishing a casino in Detroit. Once again, competition in my view is never harmful, but it seems to me it would be nice to have an equal playing field, and to that extent, if there's any possibility of putting some pressure and working with the federal government to ensure that these particular activities, which are certainly normal in most casinos, are available to the patrons of Ontario casinos.

Secondly—and I think I'll leave you with this one; it

is most important, and of course Mr Lessard knows this better than most—we've seen the difficulty in border crossing. Once again I will only quote these figures as approximations. I do not know as a fact that these are the accurate figures, but I understand that one is expecting anywhere from 8,000 to 12,000 visitors a day. That will mean enormous traffic at both the tunnel and the bridge. I think certainly that with the expansion of the bridge plaza out by the university it will be in a position to handle a good deal of traffic, but we've had some experiences recently with cross-border shopping where a number of people were going across to Detroit and then coming back, and it just could not handle that. I think it's important as an early warning system that the provincial government be talking to the federal government about having the appropriate agents and facilities available when the casino is opened on the first of the year, as is expected.

I leave that as my presentation and certainly would be prepared to answer any questions members of the committee may have on any elements I've raised in my presentation or other elements they may believe I have a possibility of responding to.

**Mr Lessard:** Dr Ianni, thank you very much for attending and making your presentation here in Toronto. I know that you're probably here on some other official business as well, and I know that you were unable to be with us when we were in Windsor last week. I know that you make your recommendations not only as the president of the university but also as someone who is involved in the community on a number of different levels and has a good sense of what it is that we should do to benefit the city of Windsor in the best possible way. I really appreciate the specific suggestions that you offered today.

One of the things that we heard from the chief of police when we were in Windsor—and I know that as somebody who has been involved in the university for a long time you've had a lot of experience in dealing with young people especially—was the age restriction on persons being permitted to gamble. He suggested that it should be 21 rather than 19. I wonder if you had any thoughts on that.

**Dr Ianni:** It seems to me that we expect more and more in terms of responsibility from our young people. If we allow them to drink at the age of 19, drive cars and do other things, I think we must have enough confidence in them and certainly provide whatever guidance we can, but it seems to me that 19 is the age which has been certainly in a number of pieces of legislation considered to be the age of majority, and I don't see any reason why it should change. I understand the dangers involved, but I think we have to ensure that our young people have the responsibility and are given responsibility at an early age and understand and are tutored to the extent possible by educational institutions

in the dangers of these particular practices and in moderation in all respects.

**Mr Lessard:** You also mentioned the importance of having some sort of statement with respect to operating principles and specific reference to the public good for the community. I wonder if you had any ideas about the sorts of things that would be included in such a statement, whether you've actually come up with some ideas that we could incorporate.

**Dr Ianni:** Let me undertake to present it to the clerk, Tonia. I promised that I would give her a copy of these written comments for circulation. There are a lot of hortatory statements that are made at the opening of pieces of legislation in kind of preamble, but I think it is important to indicate that this is a human activity, and it's a human activity which people are going to engage in, and if not in a regulated sense, they will go in a non-regulated sense in this jurisdiction or will go elsewhere for it.

I think it's important for people to understand that there are dangers in this activity as there are in other activities, drinking and a number of other activities, for example, and that the purpose of the legislation is to ensure that there's moderation and will outline that there are agencies available, first of all, to educate people on this particular activity and then to provide services, remedial where necessary, to help people who may be subjected to some kind of compulsive behaviour.

We know that compulsive behaviour is extant in the community in some cases. I think that we've had some experience in dealing with that. The departments of psychology both in our university in the doctoral program in clinical psychology and in cooperation with other universities I think can come up with programs which can both prevent and I hope remedy where the cases arise.

I think there should be some statement made in the legislation indicating that the main purpose of course is to allow for this activity to take place but within a controlled environment, that one is expecting there will not be more than one casino per location and that it will be an availability to enhance the convention and tourist business but will not be considered to be a business which is going to dominate any particular economy. I think some statements can be made and certainly the legal drafters that we've trained in our law school should be able to come up with much more elegant language than I can come up with at this particular time.

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**Mr McClelland:** It's a pleasure to see you, as always. I want to pick up on what Mr Lessard said and ask for your comment and reflection with respect to the age of 19 versus 21. I certainly understand the philosophical premise upon which you base your response. However, in light of the fact that it's estimated that some 80% of the traffic will be cross-border traffic, I



wonder how you square that with your suggestion, and I think an appropriate suggestion, that there be a component of education, indeed a social responsibility of the government of the day in terms of education and dealing with the issue of responsibility that is confirmed with legislation granting privileges at an age of majority.

I see the dilemma, in short, as follows: that we have a population that we'll be drawing upon, the concerns of the chief of police and others being largely, I think, rooted in the fact that 80% of the traffic will be cross-border, and the suggestion that you have in terms of balancing that risk factor is really, for all intents and purposes, out of the hands of the jurisdiction in which the casino will be situate.

I wonder if you might reflect on that in part and perhaps offer some suggestion and comment.

**Dr Ianni:** Let me first of all claim no special expertise in this area, but it seems to me that certainly the way in which the casino is managed, the services that are provided, are kinds of exhibitions, if I can, of what the philosophy of the operator is, and I think it is important that the operator who will be chosen will obviously be an operator who's had extensive experience. There are, I guess, nine currently in the running. I'm aware of some of them, and they've all had extensive experience. Some have had a better track record than others, and in this respect, I would just hope that the committee that's making the selection—and I have the greatest respect for it—and the advisers will take that into account to make sure there's some element of responsibility on the part of the operator to ensure that these programs—and there's an identification of what they will see early on as compulsive behaviour of people who are acting in a manner which is indicative of some aberrant behaviour, and try to ensure that those people are referred to the proper sources.

In this day and age, the control of young people is obviously problematic, but given their exposure to television and everything, I'm not quite sure that you can merely close your eyes to it. The difference in this day and age between 19 and 21 I'm not sure is as significant as it might have been in earlier days. I think people mature much more quickly and are exposed to many more diversions, distractions and, might I say, evils than might have ever been the case in earlier times. I'm not quite sure you can shelter those people from it, and once again it may be that the educational institutions, including the high schools, are going to have to do some work, and we may have to of course cooperate with our neighbours in the United States to make sure that whatever programs have been developed are made available on both sides of the border.

I should say that the University of Windsor, and here once again not to be too specific, has a long record of cooperating with American universities, for example,

and we have, as you know, one of the only joint LOBJD programs in the country. We have a number of other programs that work very closely with Wayne State and the University of Detroit, and in the event that an institute dealing with some kind of compulsive behaviour were to be instituted, we would certainly draw on the resources that we know and are familiar with in Detroit.

**Mr McClelland:** In response to that, I might just say that I think a fallback position might be that, and by way of hopefully a positive and helpful recommendation, the parliamentary assistant could convey to the ministry the possibility of exploring together with the chief of police some sort of reciprocal education program or put in place the social structures that might eventually be required or necessary if there is no resolution of the issue with respect to age.

You mentioned the independent committee. I wonder if you'd comment on how that might interface with the operator, whichever operator is ultimately chosen for the operation. Would you see it as a fixed relationship, a monitoring relationship, or have any type of authority and be in a position to recommend to the legislative body or act—and I use this word in a very generic sense—policing the operation and, secondly, how would you see it financed, the independent committee? Would it be financed out of the proceeds or out of general revenues?

**Dr Ianni:** Well, it seems to me it should be financed from the proceeds of this particular activity. I see it having a recommendatory power which can recommend. Obviously, the operator is going to have to report to the government; the government is the owner of the business, and the project, the people who are operating it, are project managers and working on it. It seems to me that the committee is important in that it is a monitoring agency but I, once again, think it is important that the line relationship between the government and the permanent operator be a line relationship in that there not be interference in that, in my view, but there be strong recommendatory powers to the government and to the operator and that the government be given the responsibility for ensuring, and that the recommendations which it agrees with, and certainly taken, I'm sure, responsibly those recommendations, that that matter then is for implementation of the people to whom the permanent operator reports.

I don't see, myself, at least for the present, that being a double reporting structure for the casino operator; I think that might be a little cumbersome. I think you have to have a casino operator reporting to government and its agency, the appropriate authority there, and I think you've got a group out here which provides guidance, assistance, recommendations, suggestions, both to the government and to the operator. But I think the responsibility really has to be with government, to

whom the permanent operator will report.

**Mr Eves:** I want to thank you for your suggestions. I think the one that you've made about an independent committee to monitor is a very thoughtful and well-presented suggestion indeed.

You mention local representation, and this is something we heard several times in Windsor, as you may or may not be aware. It was also suggested by many people in the municipality, and I believe the mayor and Mr Duncan as well, that there be some form of direct revenue-sharing on behalf of the municipality, as is done in most other jurisdictions, if not all, where they have casino gambling. I wonder what your thoughts were on that matter.

**Dr Ianni:** I'd certainly like to support the mayor and members of city council—very important, particularly in my capacity at the art gallery. However, I understand full well the difficulty of regulating the appearance of these activities in specific municipalities and then letting those municipalities share in the revenues, to the detriment of other municipalities. So I guess in terms of equity I would have some difficulty in the share of revenue, although let me make it very clear that I think it would be very important that the attendant costs, both the security costs and for the institute and the regulatory costs we're talking about, be covered obviously from the revenues that are generated from that activity, that specific casino, for example.

**Mr Eves:** Mr Duncan, I believe, when he appeared before the committee went even one step farther and he suggested that the local municipality should have some very direct input into who the successful proponent may be; have some say in the decision-making. He found it also somewhat unusual that the Legislature of Ontario would not have some input into that decision as well, and I just wondered what your thoughts were on those comments by him.

**Dr Ianni:** I must say that, as a general principle, I agree very strongly with the question of representation, particularly by those people who are going to be affected by any given decision. In this particular case, I think the representation on the monitoring agency, if I were giving you my druthers, would be more important than the representation on the actual committee.

Let me tell you that the pressure that will be brought to bear on a committee of this nature by very significant players is, I think, a real danger. Let me say that not in a cynical way, but with the amount of money that you're talking about and the influence of these particular players in this field, I think it's very difficult to shelter people from the kind of influence and the kind of pressures that are attendant upon making a decision.

These decisions involve hundreds of millions of dollars in the long run, and I guess my concern is that, while I have great faith in representation, I think that

exposing people to that kind of pressure—even those of us in the Windsor community now have some idea of the jockeying for position and the currying of favour—does bear some dangers.

In the monitoring group I don't have any problem whatsoever, but I think it has to be very carefully guarded and you have to protect those people who might be given some representation, and I think it would have to be limited, obviously, in the question of the selection of operators.

Let me just, in closing, congratulate not only the government, but I want to pay tribute to the casino project team of the government. We've had an opportunity to work with them, and once again I think we've been very impressed, not only with their industry but with the expertise that they've come up with in very short order. While they've given us a difficult time with the art gallery, we recognize good opponents when we see them. Thank you very much.

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INSTITUTE FOR POLICY ANALYSIS,  
UNIVERSITY OF TORONTO

**The Chair:** Next is Dr Arthur Hosios, representing the Institute for Policy Analysis, University of Toronto.

**Dr Arthur Hosios:** Thanks. Last fall Atam Uppal at the Ontario casino project asked me to look into the likely impact of the introduction of casino gambling in Ontario on racehorse wagering and employment in the racehorse industry. I submitted a report at the end of the year, last December, and what I'd like to talk about today is really the findings of that report.

As I think many of you know, the commercial gambling market in North America has undergone significant changes during the past decade. Most prominently, parimutuel horse race wagering appears to have lost market share as attendance and sales have declined, while alternative forms of legal gambling have become increasingly popular, especially lotteries, charitable games and now casino games.

At the time that I undertook this study, some analysts claimed that there is a causal relationship between these two observations, which is to say the decline in the demand for horse race wagering is due largely to the introduction of these alternatives and competing forms of legal gambling.

The same evidence upon which this link to competing forms of gambling to horse race wagering was offered in Ontario to support the view that the introduction of casino gambling here would have a large negative impact on the demands for horse race wagering.

The assertion that casino gambling is a close substitute for other gambling activities relies upon the assumption that one form of gambling is pretty much the same as the next. A rose is a rose.

In a report I prepared for the Ontario casino project,



I examined the economic evidence from the United States and from Ontario concerning the substitute ability of casino gambling and horse race wagering. The object of the exercise was to evaluate the potential impact of casino gambling on horse wagering and racehorse industry employment in Ontario.

Really, I could alternatively have titled this *A Tale of Two Numbers*. There are two sets of numbers you have to keep in mind here: the ones that were bandied about at the time and I think guided most thinking on the issue. It was claimed, first of all, that there are approximately 50,000 workers in the racehorse industry in Ontario; secondly, that the introduction of casino gambling will cause a decrease in horse race wagering in the order of 20% to 40%, and therefore the horse race industry will experience a proportional loss of about 10,000 to 20,000 jobs.

In the report that I prepared, I argue that the number of full-time equivalent jobs in the industry doesn't likely exceed 25,000 to 28,000, and an argument can be made that there are less than 20,000.

Secondly, the impact of casino gambling on racehorse handle, sales, will be considerably more modest than has previously been suggested. Numbers in the order of 5% to 10% are certainly credible. If I use the same proportional rule that I suggested earlier, these numbers translate into a full-time equivalent job loss in the order of 1,000 to 2,500 jobs.

I should just point out there that this is not for one casino in Windsor, for example, but for the introduction of casinos in general in the province.

Now, since the demand for jobs concerned with the care, training and breeding of race horses depends on the stock of horses and does not respond, at least in the short run, to fluctuations in track attendance, it's inappropriate to convert projected wagering reductions into employment reductions.

In fact, since the ratio of workers in horse operations to those in track operations is typically three to one, you can make an argument that the loss of full-time equivalent jobs will be much smaller than this 1,000 to 2,500 range, possibly numbering in the hundreds.

In addition, these projections would be reduced by actions taken to mitigate the impact of casinos and tracks. Actions that have been proven successful elsewhere include expanding the gambling product line at tracks, introducing off-track betting at casinos, casino gambling at the tracks, joint marketing efforts etc. In fact, if you read the literature carefully, the claim is made that the decline in horse race attendance over the past 10 to 15 years is in large part attributed to poor marketing, and that's where the effort should be devoted.

The other issue, of course, is the potential increase in employment from the introduction of casinos. New

Jersey provides a nice example of where there was a net overall employment gain.

Overall, the report concludes that the impact of casino gambling and horse race wagering and racehorse employment will be considerably milder than has previously been suggested.

The report itself is divided into many sections. The bulk of the issue deals with this substitutability between alternative forms of gambling. One section toward the end deals in particular with employment in the racehorse industry.

I'd like to describe for you very briefly the conclusions of these different sections. At one level, in asking whether lotteries, casinos and horse race wagering activities are substitutes, you can just look at the attributes of the products and see how they differ, and that's what I undertook to do.

It turns out that although there are similarities casino games and parimutuel horse race wagering are actually quite distinct forms of gambling and entertainment.

The key features you want to keep in mind are, first, that many casino games are games of pure chance with no skill components. Roulette and slot machines are obvious examples. Second, parimutuel betting is a competition among bettors in which an individual's success depends on his handicapping skills. In fact the analogy is often drawn to the stock market, betting in the stock market compared to going to the track. Third, horse race wagering is distinguished from other forms of commercial gambling in that the betting object is a sporting event, and acquiring knowledge concerning that event is in itself an enjoyable activity.

These observations suggest that casino gambling and horse race wagering may not be close substitutes. After I completed my project, a survey was undertaken by the Ontario casino project and it turned out, in line with these observations, that over 85% of track patrons claimed that their horse race wagering would not decrease if a casino were open nearby and that approximately 70% of track visitors considered the track to be a more satisfying gambling activity.

Having pointed out some of these attributes, it's clear that while this type of descriptive analysis is helpful and suggestive, the real question of substitutability is an empirical question. That is the best guide concerning the impact of introducing casino gambling on the demand for horse race wagering in Ontario is the historical record, and that's why I attempted to look at the next couple of sections of the report.

The experience of lotteries in the United States is often cited and is interesting. If one conjectures that lotteries, casino gambling and horse race wagering are close substitutes, it should follow that, for example, different lottery games are often closer substitutes.

A recent study from the United States showed that

the introduction of Lotto 6/44 and 6/49 does not appear to have this effect. In 9 of 13 states, the introduction of Lotto was associated with an increase, rather than a decrease, in the competing numbers and instant games. In the state of Massachusetts in particular, although the size of Lotto jackpots has a positive effect on Lotto sales, which is not surprising, it had no discernible effect on the demand or sales of the other lottery products.

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This raises a question: If Lotto is not a close substitute for other lottery products, is it still obvious that lotteries, casino gambling and parimutuel wagering are themselves such close substitutes?

The other source of information on horse race wagering is a series of demand studies undertaken in the United States. The basic empirical exercise there is to estimate a demand function, a demand for gambling function, in the case of parimutuel horse race wagering. Now, this function simply describes some measure of the gambling activity, whether it's attendance or sales as a function of the price, income and other variables that are thought to be important.

The reason this type of quantitative exercise is important is it can answer or put numbers to the following question: Holding the price of horse race wagering and all other factors fixed, by how much does the introduction of, say, lotteries or casino games affect the demand for horse race wagering?

The numbers that I quoted to you right at the beginning, the 20% and 40% reductions come from exactly these types of studies. Now, in the report I argue that there's a methodological problem with these studies and, in consequence, one should view the results with some degree of scepticism.

What I'd like to do now is to describe, very briefly, the nature of the problem and how the results can be very misleading. Now, the problem is that one or more of the variables that are meant to explain horse race wagering itself are driven by a set of underlying variables that affect horse race demand. Because some of these underlying variables are not observed by the researcher, too much of the variation in demand is attributed to explanatory variables that are observable.

Having delivered that little bit, maybe an example would help crystallize the issue. The price in these demand studies is called the takeout rate, and the takeout rate is simply the gross fraction retained from wagering pools. It includes taxes, operating expenses, purse disbursements etc. Now, a higher price should decrease demand. I think we'll all take that as given. In particular, a higher takeout rate should depress horse race wagering. The key question is, how responsive is horse race wagering to price changes or to changes in the takeout rates?

The takeout rate is effectively set by the state government. In almost all discussions of the role of government in legal gambling and especially in horse race wagering, two concerns are always highlighted: first, the government's tax revenue interest in horse race wagering; and second, its political interest in the viability of this industry in the face of the declining demand I mentioned earlier.

On either count there's an incentive for the government to adjust the takeout rate over time in response to changing market conditions. Let me paint for you a very extreme example. Suppose it's the case that the demand for horse race wagering, whether sales or attendance, is in fact very unresponsive to the takeout rate. Then if some event occurs—an increase in unemployment, a change in distribution of income, whatever—that gives rise to a contraction of demand, a government concerned solely with revenue issues would respond by raising price to raise tax revenue.

If you look at the data, what you would observe is that price goes up and demand falls, leading one to conclude that in fact demand is sensitive to price. But in fact the causality works in reverse. It's the decline in demand that induced the government, in my example, to take the action of adjusting price. In fact demand is not sensitive to price at all. That's the premise here.

Because these studies in the United States don't take into account the response of price, and some other variables we'll discuss soon, to market conditions, they lead to biased and misleading estimates of the effect of price and these other variables on demand.

The other variables included in demand studies include track attributes—for instance, the number of race days per year, the number of stakes races—but when you think about it, it becomes clear that those are variables set by track operators and those are variables that will change in response to demand. In fact it's often described that stake races will be increased in response to a decline in demand to make the product more attractive.

The other set of variables that has been described is the introduction of lotteries—they're all over the United States now—and casino gambling in New Jersey. The same issues arise in how these variables have been introduced as well. Let me give you the example of the lottery studies, in which there is a cross-section of 40-plus states, some of which have lotteries, some don't, and you're looking for what is the effect of lottery on attendance at the track.

The problem is that the introduction of a lottery is an action taken by the government. It in itself can reflect local market conditions. So the lottery then proxies for the state of the economy that the government is responding to rather than the effect of the lottery per se on demand. That leaves me very sceptical of these 20% to 40% contraction numbers.



What could I do? Well, we don't yet have casinos in Ontario. We have had lottery experience for a while. Why don't we look and see what has been the effect of the introduction of a lottery in Ontario on racing here? It will give some perspective on the comparability of these US numbers to the local experience. And that's exactly what I did. Using numbers from 1966 to 1991, I estimated the impact of the provincial lottery on annual real per capita horse race wagering in the province. In fact at the end of this talk I've included a picture. It describes the actual pattern of horse race wagering in the province, which you can see peaked in 1975 and has declined almost continuously since then.

What I do is I ask, what would have been the pattern of racehorse wagering in the province had a lottery not been introduced in 1976, and those are the dotted lines described in the diagrams. What you can see is that the effect is no more than, let's say, a 2% to 3% decline associated with the introduction of a lottery. The same numbers in the States suggest 17% to 36% declines.

The conclusion I reach, then, is that either the situation in the States for some reason is very different from the situation here or in fact that the bias in the studies I describe in the States actually is substantial and leads one to severely overestimate the likely impact of lotteries, in that case, on track wagering, and then I would have to conclude that the same methodological problems that arise with respect to casino gaming in the States suggest the numbers should be much smaller here. Numbers in the order of 5% to 10% that have been accepted by the Chicago Gaming Commission seem to me to be more than reasonable.

In the last section of the report, I look at employment in the racehorse industry. There are two key questions: First, how many workers are actually employed in that industry and what is the number of full-time equivalent workers? That's very important.

The first point I make is that unlike employees, shareholders, equity holders, in the racehorse industry and most other industries do not generally occupy jobs and are hence largely irrelevant to the discussion of job losses. Previous examinations of employment in the racehorse industry failed to make that distinction between owners and workers.

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From the owners' perspective, or shareholders' perspective, we note their assets, whether it's land, farms or horses, have some alternative uses, either in the same locale or to the extent that they're mobile they can be used elsewhere, so their capital value is not wholly dependent on developments in the local industry.

Lastly, to the extent that future contractions of provincial horse race gambling are anticipated—and I think for people who've been following the industry over the last 20 years, the decline in the mid-1970s, which is certainly not unique to Ontario, was in part

predictable—that effect has already been capitalized into the value of the assets.

From the worker point of view, the breakdown is kind of interesting. The 49,000 individuals associated with the racehorse industry reduces to about 27,500 after you eliminate owners. At the end of this handout, I also describe the breakdown in terms of employment. So 21,500 owners in Ontario—of these, it's true that about 5,000 describe themselves as owners-trainers, owners-drivers. So from 49,000—we can argue about the numbers—you're down to in the order of 32,000 to 27,000 individuals.

To highlight the importance of the racehorse industry, I've often seen comparisons between number of workers in the racehorse industry versus number of workers in the automobile industry, mining etc. The difference of course is that workers in the auto industry, for example, usually do work 240 days a year and eight hours a day, and that's why this issue of determining the number of full-time equivalent workers in the industry is important. There aren't numbers on this at all, and so what you have to do is estimate what you think the degree of part-time employment is, and it's a difficult task.

What guided me were two simple ideas: First, for a large fraction of workers, the number of days per year that they are employed increases with the number of days the tracks are open per year—it seems reasonable—and second, on any given race day, larger tracks should have more workers than smaller tracks.

Based on those two assumptions, I used the 1991 race day and attendance figures to estimate the degree of part-time employment for various groups of individuals. Track workers are an obvious example. I estimate that the average worker is employed, under certain assumptions, only 40% of the time of a full-time worker. However, if you change the hypotheses concerning the average number of hours worked per day, the amount of fixed and variable employment per track and the number of tracks that any one worker is employed at, the numbers can range from as low as 30% to as high as 50%. In addition, the people who are included as employees in the industry are reporters, newspaper reporters, veterinarians, tradespeople, people who certainly undertake alternative activities much of the time and can substitute to these other activities.

Now, you can obviously argue with whatever assumptions I've made in the paper, but what you can't get away from is the fact that if you look at the tracks and you think of this number, 240 days that a typical auto worker, let's say, works, given one month off a year, the class A standardbred supervised tracks are on average open 144 days, the class 2 tracks 123 days, the class 3 tracks 64 days, class 4 tracks 21 days. The unsupervised tracks are only open a day and a half on average, the thoroughbred tracks 98 days.

So I think that one could come up with alternative

ways to derive reasonable estimates of part-time employment. It's clear that a significant number of the workers in this industry are in fact part-time workers.

So where did I start? I started with two numbers: 49,000 jobs, 20% to 40% reduction. If you look at the numbers very carefully, the number of full-time equivalent jobs are much more likely in the 25,000 to 28,000 range, the per cent decline in the 5% to 10% range and the net job loss in the order of 1,000 to 1,500 workers.

**The Chair:** Thank you very much. We have about five minutes in total for questions. I just want to put it to the committee as whole that that doesn't allow any of us a whole lot of opportunity to ask questions. Would you like me to extend a little time here? It's up to the committee members, if they choose. If they choose not to, that's fine. You have otherwise about 45 seconds to make a comment.

**Mr McClelland:** I'll make a comment and perhaps the doctor would like to respond.

It just seems to me, sir, and I say this with the greatest respect to the person, whether he or she works 20 or 30 hours a week or 40, when they lose the principal source of their income, statistically they're out of work. They don't really care whether one factors this—and maybe I misunderstand your methodology and maybe I'm being too simplistic—but I guess at the end of the day, if somebody is out of a job and they've lost their source of income and what they depend on, it would seem to me to be irrelevant to them whether they were working 20, 30, 200 or 300 days a year. There's a dislocation, and it's a human being and he or she can't, if you will, parcel off percentages of themselves to adjust statistically.

I just share that. I'm not trying to be offhanded or trite.

**Dr Hosios:** You're not the first person to suggest an economist is inhuman.

**Mr McClelland:** No, sir, I'm not suggesting that, and please understand what I'm saying.

**Dr Hosios:** Okay. The question is, when you compare employment in one industry versus another, if you're going to compare 20,000, 30,000, 40,000 workers in the racehorse industry to comparable numbers in other industries, you want to make sure you're not comparing apples and oranges.

It is true that somebody who works 10 hours a week, if they lose a job, that's 10 hours of employment gone. That doesn't mean their income has dropped to zero. Often the people have alternative activities.

**Mr McClelland:** Conversely, though, they may not. That may be their source. If a journalist writes for 10 hours and he or she is successful and it only takes 50, they still do their job, and that's what they're paid for.

**Dr Hosios:** The question is whether the journalist only writes on—

**Mr McClelland:** And economists. Some people do their job in 50 hours, some will take 100, some will do it in 20.

**The Chair:** It's regrettable we don't have more time for debate. Mr Eves or Mr Tilson?

**Mr Eves:** I just have a few comments I'd like to make. Perhaps you could respond, perhaps even at a later date if you want to.

I note that in your presentation you indicated, I believe at the outset, that the client in horse racing's share of gaming—horse racing says they've declined over a 20-year period from a virtual monopoly in the province of Ontario to about 27%. I believe you indicated at the outset that you thought their decline in share was due more to poor marketing than competition from other forms of gaming.

I note that you say you completed this study for the casino project team in December 1992. I'd like to know if you know of any reason why it was not made available to us until today, why the minister would not have tabled it. Did you request her or the casino project team not to table it, or was that their decision?

I note that for your definition of what a full-time worker is, you've compared it to the automotive industry and you've said that if a person doesn't work 240 days a year, basically, you're saying they're not a full-time worker, and you've based the number of days worked on the number of days tracks are open.

Would it be fair to say then that school teachers in the province of Ontario are not full-time workers, seeing as how schools are only open 183 days of the year? Therefore none of them would qualify as a full-time worker either, according to that definition.

In the presentation made to this committee by the deputy minister on August 16 when we started this, they are extracting from your study and saying—these are their words, the ministry's, not yours—that the number of full-time equivalent jobs does not exceed 25,000 and may in fact be less than 18,000. That is contrary to what you just told the committee. I believe you said that it's probably more in line between 25,000 and 28,000.

**Dr Hosios:** I wouldn't argue.

**Mr Eves:** Decreases in wagering in the order of 5% to 10% at a maximum, and proportional job losses in the 900- to 1,800-job range. That is their interpretation of what your study says, and I just wanted to know if you thought that was an accurate or fair summation of what your study does say.

1400

**Dr Hosios:** I do.

**Mr Sutherland:** Just to clarify on the point of the full-time equivalent jobs: What you're saying is that when people from the horse racing industry compare it to other industries—you set a standard of a 40-hour work week based on 240 days to ensure that you have



some basic standard. Whether teachers are considered in that category or not is irrelevant. You've got a standard there, you've established that as the standard, and what you're saying is that when people come in and say 45,000, they're including owners, many of whom may not be deriving their principal source of income from it; they're talking about all the people who, at my racetrack, only work Tuesday nights because that's the only night of the week that the racetrack is actually operating, but they're coming in and saying it's a job. I don't think any of them are saying full-time jobs but they said a number of jobs. What you're saying is that we need to put it in a full-time equivalent basis to have an accurate understanding.

**Dr Hosios:** That's right.

**Mr Duignan:** Just a quick comment, Mr Chair. Mr Eves raised the point of the making of the study available to other members. I pointed out to Mr Eves that on the introduction of the bill, there was a briefing done to the Tory caucus and the report was made available at that time to Tory research.

**The Chair:** Thank you, Dr Hosios, for presenting before the committee today.

#### COOPERS AND LYBRAND CONSULTING GROUP

**The Chair:** Our next presentation is from the large party that just entered the room, a group of individuals representing the Coopers and Lybrand Consulting Group. I welcome you all collectively to the standing committee on finance and economic affairs.

Could as many as possible come forward to the table across from me, those who are going to be making the presentation. When you have made yourselves comfortable, could you carefully and slowly identify yourselves for the purposes of the committee members and especially for Hansard, that's going to try to keep a record of what you say.

**Mr John Farrow:** We had arranged for a slide projector and a screen, because we thought some of the things we're going to present will be easier.

**The Chair:** And you are, sir?

**Mr Farrow:** I'm John Farrow.

**The Chair:** Thank you very much. Maybe you can just wait for a minute until they set everything up.

**Mr Bill Rutsey:** We seem to have been done in by technology.

**The Chair:** We can probably come up with another bulb. Is that right, John?

**Interjection:** This was your projector.

**The Chair:** Well, thank you. I'll be glad to take it home when I leave. Let me just explain to you that the projector creates some problems for the technicians if it sits on the table with the mikes. It's unfortunate that the bulb doesn't work; hopefully, we can get another one. How paramount is it to the beginning of your presenta-

tion? Very much so, I suspect.

**Mr Rutsey:** We have some introductory remarks to make and then we go right into the presentation. We have 53 slides and we'd like to lead you through with the slides, so they're integral to what we're trying to do.

**The Chair:** Well, what if we at least identify ourselves as a collective group for Hansard and the committee members and then make your introductory remarks? Hopefully, the bulb will make its appearance here very shortly thereafter.

**Mr Farrow:** Okay. Thank you very much, Mr Chairman and committee members. My name's John Farrow. I was the partner from Coopers and Lybrand responsible for this team, most of whom come from Coopers and Lybrand, but a few don't. Let me introduce them to you. Michael French is going to deal with the market potential for casinos, how to service that market and how the casino operation should work. That's going to be the first part of our presentation: market potential, how to service the market and how the casino operation should work. Michael will be assisted by Dan Webster.

That's the first part of the presentation. We expect that to run about 30 minutes and our intention will be to stop at the end of that time and take questions on that particular part. I should also mention that these gentlemen have a flight at 6 o'clock so they'll be leaving at 4:30, unless there's an urgent reason they shouldn't.

The next part of the presentation is going to be by Gordon Phillips, and he's going to deal with the economic benefits to the province and then strategies to enhance tourism. Then I'm going to stop for questions; I thought it'd be a good idea if we stopped for questions after all that. We've broken our presentation up because we thought it would be hard for you to carry all that information and ask questions at the end.

Then we're going to deal with regulation and control, and Carl Zeitz is going to deal with that. Part 8 is going to be dealing with impacts on other forms of gaming, and Rowan Faludi is going to deal with that. Then we're going to deal with the social costs at the very end, and Bill Rutsey will deal with that.

I should mention that Bill Rutsey was assisted by Rachel Volberg in writing this section and unfortunately we couldn't bring her. She had another commitment, and now she's flying off to Hong Kong or something around 2, so we apologize. It's a bit hard to get her back from Hong Kong.

**The Chair:** Thank you very much. We have about two hours. You have indicated you could stay here till 4:30. In order to try and allocate the time fairly among all the committee members—and they're very keen to get as much time as they can to ask questions, let me tell you—I would like to know how long your total presentation is, approximately, then I will have some idea of how much time I can allocate.

**Mr Farrow:** Our intention, in terms of the presenting time, was to try and conclude this in something between an hour and 15 minutes, an hour and a half, in terms of time we'd spend talking to you, but we take very much your direction around this and we'll stop when you tell us to stop.

**The Chair:** You have about an hour and 15 minutes or an hour and a half presentation approximately?

**Mr Farrow:** Yes, that's right.

**The Chair:** Broken down into how many parts?

**Mr Farrow:** It's broken down into nine different parts.

**The Chair:** How many breaks will you have?

**Mr Farrow:** I thought we'd break six times; six stops for questions, okay?

**The Chair:** Six times. I think I can probably figure out the mathematics on that.

1410

**Mr Eves:** If we have a two-hour time period, could we try to have the presentation in approximately an hour so it will leave the committee with about an hour to ask questions, divided among the three caucuses?

**The Chair:** Sure, if that's agreeable with all.

**Mr Dadamo:** Our questions are probably the integral part, the questions we want to ask you.

**Mr Farrow:** And you do have a copy of the report, I believe, so you've had a chance to look at it.

I want, as part of my introductory remarks, just to remind people of what the objectives were here and the status of what we've done.

First of all, this is a report we prepared. We have had discussions with the casino project staff about our recommendations in here and provided additional information and so on and so forth, but it's very much our report: It isn't something that is written for the government, for someone else; it's our report to the government. That's the first thing.

Secondly, I just want to remind you that we aren't dealing with everything. There were clearly four objectives in undertaking this study, and I'd just remind people what they were.

The first one was to look at the size of the casino market in Ontario and the demand from within Ontario and from other jurisdictions which would create that market demand. That was the first objective; there are four of them. The second thing was to make a recommendation on the number of casinos and how much gaming space would be compatible with the demand we identified coming from the various market areas. Thirdly was to look at the economic impact on Ontario's economy with respect to tourism and existing gaming industry; and lastly was to look at tax revenues if the recommended number of casinos were built.

Those were the primary objectives that were put

down for the study. As a result of the work and trying to meet those objectives, we got into other things like regulation, because that's part of the impact that you would see.

I'm inclined, as far as we're able, even though we haven't got all the slides, and knowing the committee's got limited time, for you to roll into section 1, Mike, which is talking about the market potential for casinos. That will allow you to get your questions put.

**Mr Michael French:** Hopefully, we can get these slides. They make it easier for us, by the way. I direct the hospitality consulting practice out of Philadelphia. I also direct the casino gaming consulting practice for Coopers and Lybrand in the United States.

Just briefly, we've done a significant number of these economic impact studies, performed a portion of the research for Gary, Indiana, the state of Connecticut. We've been involved with the New Orleans project, as well as Chicago. Because of our accessibility to Atlantic City and our involvement with some projects in Las Vegas, we've accumulated a significant database. I've been in Philadelphia since 1977, so I was there for the introduction of casino gaming into Atlantic City there.

We were also the accountants and the consultants for the Pequot tribe, the Foxwoods casino in Ledyard, Connecticut, probably the single most successful casino operation in the world today. I will also mention that I'm a Canadian citizen from Ontario, which I'm proud to say.

With me, and really the project manager through this whole process, is Dan Webster, who has been a manager in my group for about eight years. Dan has prepared and put together the concentric financial model which we used as the basis for our estimates of visitation levels as well as the basis for our estimate of, ultimately, the levels of casino win which we believe will be achieved in Ontario.

What I'd like to do, and I hope we'll get these slides in place soon, is turn it over to Dan. Dan's presentation was going to be a little longer than 30 minutes. We're going to do as best we can to capsulize our methodology. Dan, if you could take over.

**Mr Daniel Webster:** Since we don't have our slides, if you happen to have your thick report that we issued, in section 9 there's a map at the beginning of that section, after the index, and that's the first page I'll be referring to. Also, in the presentation outline that we provided to you, after our agenda and the scheduled speakers is what will be our second slide: gateway and destination market area regions evaluated. That lists the market areas.

Inherent in the policy objectives for casinos in Ontario is the generation and capturing of new spending as opposed to simply creating a venue for the redirection of existing spending within the province. We



identified the most likely sources of such new spending as being new tourist visitors to the province, existing tourists and Ontario residents that might have gone to other casinos in other jurisdictions now staying in the province of Ontario. The location of casinos readily accessible to these three sources of demand is essential in order that the new spending be maximized.

It was initially agreed between the Ontario casino project and Coopers and Lybrand that there would be an initial evaluation of 13 different market area regions. Those market area regions are presented in the first slide in our presentation manual. Within these regions, we selected centroids that were used to establish concentric bands emanating from the centroid up to 240 kilometres, which is approximately 150 miles. We used the existing populations in tourist, resident or visiting these concentric bands as a basis for our win estimates.

The identification of a community as a centroid of a region does not necessarily mean that that community is specifically where we are recommending the casino be located, but rather that to proceed with our analysis we needed to select a centroid. The casino is expected to be properly sited with regard to site success factors, which we've identified in our report, somewhere within the region.

The capacity of a facility to both accommodate a large number of people and offer a wide variety of gaming opportunities is fundamental to its attractiveness as a tourist destination. Therefore, we judge that the major market area regions identified would be critical in supporting individual casinos of a size that would allow them to serve as a magnet for attracting tourism and new visitation to the province. The size of what we consider to be major market area casinos was approximately a minimum of 60,000 square feet; 60,000 square feet is the average size of the 12 casino hotels in Atlantic City, and it's the minimum size of the largest casinos in Las Vegas, downtown and on the Las Vegas strip.

The first task of our team was to identify which market areas could support casinos of that size. We identified those market areas as major market regions. Among the selection criteria we used were: access to a large market of casino attendees, visitors to the casinos; professional management of the casinos; and proper regulation of the industry.

On the next slide, titled "Site Success Factors," we list those factors which the consultant team believes are most important to a casino being successful in terms of its location. In choosing major casino sites our efforts were focused on identifying the markets which met the site success factors which had the potential for attracting both large numbers of visitors from outside the province and Ontario residents who visit casinos in other jurisdictions and could support at least 60,000 square feet of casino gaming floor area.

The primary selection process was further refined to achieve a balance among the regions selected for casino development by minimizing the overlapping of market areas that are expected to be serviced by the casinos. Under tab 9 is the map which I referred you to earlier, and that gives you an indication of the 240-kilometre radius from each of the—

**Mr Farrow:** Tab 9 of the large report.

**Mr Webster:** I'm sorry, tab 9 of the large report, our major report with the red cover. That identifies the 240-kilometre radius around the centroids that we selected for the casino regions. The bands that we selected for our analysis were zero to 40 kilometres, 41 to 120 kilometres and 121 to 240 kilometres. Those are approximately 25 miles, 75 miles and 150 miles.

1420

Our research indicates that the attendance at the casinos is directly related to the distance people reside from the casino. Based on interviews with casino managers, primarily in Atlantic City, and research and analysis that we have completed with respect to the legalization of casino gaming in other North American jurisdictions, we developed factors for Atlantic City patrons in terms of their propensity to visit, both the number of adults who would be expected to visit and the number of times that they would come to the casinos, and those factors were based on the Atlantic City patrons. The basis of our analysis was applying those factors with different adjustments—which I'll talk about later—to both the visitors to the regions and the existing residents within each of the bands.

The next slide, for lack of a better term, presents the factors that we developed through our interviews with casino operators for the Atlantic City area. I'll discuss those at greater length later.

The following page, titled "Major Market Area Net Populations," is what I'll discuss next. Our analysis resulted in the identification of four major market areas: Windsor, Niagara Falls, Toronto and Ottawa. The market area regions overlapped and serviced by these four major market area regions included Cornwall, Huntsville, Kingston, Sarnia and London-Kitchener.

While our analysis indicated that these regions exhibit potential to support a casino, each was judged inferior to the next closest primary market area I identified as the four major market areas. These regions are not recommended as potential casino sites at this time as each would to some extent fragment the gaming market for the major market area casinos, thereby reducing their potential to act as destination tourism magnets. In our report under tab 5, in the large report, is a further discussion of why we have that feeling.

Once the casinos in the four major market area regions are developed, operating, and operating successfully, then we believe that the potential for the addi-

tional casinos in these five smaller market areas, and even possibly in other market areas, should be revisited.

The primary market area for each of the casino sites, as I indicated, was 240 kilometres. Our research indicates that the majority of the visitors to these major market areas are expected to drive in, play at the casino and then drive home. A 240-kilometre radius represents a realistic day-trip market based on the experience of Atlantic City, a day-trip market being people who just come in for the day, gamble for a period of time and then leave without staying overnight. Also a 240-kilometre radius minimizes the overlap with competing casino gaming jurisdictions in the northeast United States and the midwest United States and also to a large extent in Ontario. Again the large pullout map in our report under tab 9 gives you an indication of the fact that these areas don't overlap too much, with the exception of Toronto and the surrounding market areas.

The current slide, which is titled "Major Market Area Net Populations," lists the four major market area regions in order of decreasing population within that first 40-kilometre band. It also provides comparable information for Atlantic City, Ledyard, Connecticut, which is where the Mashantucket Pequot Foxwoods Casino is located, and Minneapolis, which is home to a number of Indian/native American casinos.

For the smaller market area regions we undertook an analysis to determine their potential to support casinos no smaller than 10,000 square feet. We chose the minimum size of 10,000 square feet because that's the approximate average size of the smaller casinos in Nevada for which existing financial information is available. The importance of that will become more apparent when we talk about the economic benefits of the casinos. Also, that size casino, 10,000 square feet, is slightly larger than the existing competitive gaming facilities in bordering US communities, for example Sault Ste Marie.

We developed a generic operating model for a 10,000-square-foot casino to establish a break-even casino win level. In other words, we looked at the financial characteristics of operating a casino that size and determined what win levels would be necessary to support that size casino. That analysis led us to the conclusion that a win level of approximately \$17 million would be necessary. "Win," as you may be aware, is also known as casino revenue.

In terms of the smaller market area analysis, we identified Sault Ste Marie, Sudbury-North Bay and Thunder Bay as the three areas having the potential to support casinos of 10,000 square feet in size. This slide presents the populations within the market catchment areas for those three market areas, adjusted for the overlapping of the catchment areas.

This slide indicates the results of our analysis of the 13 market areas evaluated; 12 exhibited the preliminary

potential to support casinos. If the government of Ontario wishes to expand casino gaming in the province, it is suggested that only seven of these market areas be initially developed in order to maximize the development of casinos as tourist destinations.

The remainder of our analysis is predicated upon the existence of casinos in each of the seven market areas that we've recommended. Once casinos in each of these seven market areas are established, the potential for additional casinos located within the five other market areas identified as preliminarily supportive of casinos should be addressed. So we're recommending four major market area casinos in Windsor, Niagara Falls, Toronto and Ottawa, three smaller casinos in Sault Ste Marie, Sudbury-North Bay and Thunder Bay and then preliminarily, based on the success of those casinos once they're developed and operating, the five other market areas that I discussed earlier.

In terms of our casino visitation and casino win or gaming revenue analysis, before I discuss the methodology that we applied I'd like to discuss the significant assumptions on which our analyses are based. They're presented in appendix 6 of your report, but I'll read off the most significant ones.

An industry which doesn't incorporate these assumptions is less likely to realize the magnitude of the economic benefits that are estimated in our report.

In terms of master planning, the provincial and local governments must be explicit in what they expect from the gaming industry and to what extent tax proceeds from the industry will be utilized for the support and regulation of the gaming industry and the betterment of the region and the province. Carl Zeitz can discuss this in greater depth, should you desire, during the question-and-answer period. It may be more effective after he's given his presentation to ask him about that. Likewise, the industry must be explicit in what its economic and social contributions to the region and to the province will be and what it expects in return.

#### 1430

In terms of competition, we have assumed that no other jurisdiction in the United States or Canada, or in Ontario, other than at those facilities identified by the consultant team as our initial seven recommended regions, will legalize casino gaming beyond those that already exist, with the exception that the estimates contained herein assume development of two previously announced casinos in Quebec and development of a casino in the metropolitan Detroit area.

We assume that each market area region will be able to accommodate on one site the amount of casino and ancillary development required to generate the level of win estimated; that the licensing process will ensure that only experienced, operationally competent and financially capable casino developers and operators will participate in the development of a casino gaming industry in



Ontario; that food and beverage outlets and entertainment facilities normally associated with a full-service casino will be developed; that an all-encompassing and powerful provincial regulatory system will be in place; that the casinos will be open 24 hours per day, 365 days per year; that the minimum gambling age for gambling will be 19; that the Ontario casinos will be operated similarly to those in Atlantic City, including credit, complimentary policies and advertising policies, complimentary policies including the ability of the casinos to give out free food and beverages and rooms, primarily; and that there will be no infrastructural constraints on the casino markets.

The factors that were identified by successful casino operators whom we talked to and have talked to in the past are proximity to gamblers and the creation of an attraction people will want to visit. The underlying foundation for our visitation and casino win analysis therefore is the size of the potential gambling population approximate to the casino regions. To those populations we applied adjustments, either qualitatively or quantitatively derived, to address certain other factors which I will discuss.

Based on the Atlantic City experience, the area within 240 kilometres comprises the primary day trip market. The proximity of the four major market area region casinos—again, Windsor, Toronto, Niagara Falls and Ottawa—to each other will require that consideration be given to the overlapping of their respective market areas.

We address this overlapping by allocating populations within the overlapping areas to the casino region to which the population is most proximate. For example, Kitchener is approximately 80 kilometres from Toronto and 110 kilometres from Niagara, so it becomes allocated in our analysis to Toronto for the purpose of determining our market sizes.

The propensity factors with respect to both the visitation and wagering were then calculated based upon the existing casino operations in the United States. Those factors include the propensity of adults within each zone to visit the casino; the average number of annual visits each gambler is likely to make to the casinos; the method they'll use to get to the casinos, whether it be auto, bus or air; and the average amount each visitor is likely to wager per day that they visit.

We applied the information to the concentric zones I had already identified around Atlantic City. The testing method that we used resulted in win estimates that were within 1% of the actual Atlantic City win in 1992 and within 3% of the published visitors' statistics for Atlantic City in 1992. So we have a high degree of confidence that the propensity factors that were given to us by casino operators are accurate for a day trip market such as Atlantic City and such as the major market area casinos in Ontario.

We made certain adjustments to these factors based on about eight different factors.

The extent of the industry: The marketing clout of a single casino in a single region in Ontario may not be as great as that of 12 casinos in Atlantic City.

The relative strength of the Ontario casinos: Certain Ontario casinos may capture visitors residing closer to other Ontario casinos as a result of a more attractive mix of casino facilities and/or other attractions to attract visitors.

The relative proximity to the markets: Casinos that are closer to the populations in their catchment areas may have the ability to increase trip frequency, what we refer to as a major urban area trip frequency reduction, which is our term for saying that a casino located in a major metropolitan area such as Windsor or Toronto may not have the same drawing power on the people in the first concentric band, which is 40 kilometres, as, say, Atlantic City, where people are going to be coming a greater distance. The casino is a little bit less accessible to them.

Generally there, we thought that the trip frequency factor would probably be reduced. The casino will be another entertainment attraction within a major metropolitan area. There are other entertainment/amusement alternatives for people within that first band. We adjusted downward the Atlantic City factor by 75%, from approximately 20 visits per year for people in that band to 5.

There are potentially infrastructural limiters or enhancers in the market area regions. For example, Toronto has an excellent transportation infrastructure with its airport. Atlantic City does not. Its airport is a good airport but very underutilized, so that it'll be easier to get to Toronto by air than it will be to get to Atlantic City.

Competitive gaming jurisdictions: Atlantic City is relatively immune from riverboat gaming in the Midwest, for example. A casino in Windsor will be more susceptible to that competition.

The existing economic base and diversity of the market area regions: Atlantic City had essentially no diversified economic base. It was a tourism destination prior to casinos. To a large extent it's still primarily just a tourism destination. Toronto obviously is a tourism destination, but it's got a very diversified economic base.

Based on these considerations, we made adjustments to the Atlantic City propensity factors, which are in figure 6 in the report. We didn't reproduce it on a slide because it's a lot of information and we could spend two hours just going over that.

The visitational win estimates for Ottawa and Windsor were further sensitized by assuming that competitive casinos would be located in Montreal and

in Detroit. Obviously, the Montreal casinos are already approved. The Detroit casinos are not approved. The mayor of Detroit has been a very strong proponent of casino gaming for a number of years. Michael and I were involved in a study in 1988 to identify the potential of casino gaming in Detroit. It's been defeated several times, but we made the assumption that if a casino opens up in Windsor, it's very likely that Detroit will make a competitive move to stem the flow of casino gambling dollars to Windsor and open up a casino.

The frequency of visitation: The Ottawa win in the outer two bands, from 40 kilometres to 240, was reduced by approximately half to take into consideration that some of those people will be going to the Montreal casinos. We reduced the Windsor casino win by 60% to account for the fact that a Detroit casino could very likely be developed.

The potential gaming demand from the existing tourists was factored into the analysis. We gathered information from the program of the Ontario Travel Associations. We made certain adjustments to avoid doublecounting of existing tourists. If they originate from within the existing 240-kilometre radius, we have excluded them from our analysis. If they originate from another travel region within Ontario that we have assumed will have a casino, then we've eliminated them from the analysis, assuming that they will satisfy their gaming needs in their originating region. If they originated from a catchment area that's overlapped by another casino area, I've already discussed how we've adjusted for that: We adjusted the catchment areas, which is why you don't have total circles around all the different areas.

The gambling expenditures for the local residents are estimated to be substantially less than those for people coming from a considerable distance for the specific purpose of gambling. Our estimates of casino visitation are presented on this slide for the four major market areas, and on the following slide, for the smaller market area regions. That's a total of approximately 32 million visitors on an annual basis to the casinos.

#### 1440

This table summarizes what we consider the incremental tourist visitations, excluding existing tourists to the region. These are people who will be making trips specifically for the purpose of casino gaming. It's approximately 24 million total incremental visitors.

The casino win is defined as the gross wagers placed by gamblers less all the winnings paid out to the gamblers. It's the net amount the casino earns as gaming revenue equal to the net amount that gamblers lose. We estimated that the Ontario casino gaming industry will generate over \$2.3 billion in casino win annually upon stabilization. These two slides show the

total win for the major and the smaller casino market area regions.

The following slide, and this slide is out of order in your presentation package, shows that the number of visitors is expected to be about 44% from the US and 44% from Ontario, but the following slide shows that more win is expected to come from the United States, primarily because people will be coming from a greater distance specifically for the purpose of gambling.

In terms of casino sizes, we developed the supportable casino gaming floor area for each of the casinos through an analysis of the win per gaming unit of existing jurisdictions most comparable to those proposed for Ontario, again specifically Atlantic City. Through interviews with casino operators and analysis of the existing casino win information, which is available publicly from both Atlantic City and Nevada, we estimated that Ontario's casinos, operating in a monopolistic environment—that is, within Ontario—and professionally managed, which is a very important assumption, would be able to achieve a win per gaming unit—that is, per slot machine or per table game—a premium of approximately 25% over the averages for Atlantic City. That assumes that the mix of games will be similar to Atlantic City, with the exception that poker will be permitted—poker was not available in Atlantic City prior to this summer—and that craps will not be permitted but will be replaced with a mix of other table games.

We estimated the average amount of space required by slot machines and table games through a review of the various North American gaming jurisdictions and discussions with casino operators and regulators. Using our average square footage per game, plus the mix of games that we estimated, we came up with a weighted average estimated win per square foot, which would be gaming revenue per square foot of casino space. The sizes of the casinos that we estimated are as presented on the slide.

A different approach was used to estimate the gaming area for the smaller market area casinos. The weighted average win per square foot was used as a test of the capacity of the casinos. The estimated average win per square foot was lower than that. In other words, we developed win estimates based on the population within the catchment area and the existing tourist visitation, and then we tested that against the average win per square foot for the major market area casinos. For the smaller market area casinos, it was lower on a per-square-foot basis. We determined that the capacity of a 10,000-square-foot casino would be acceptable for the amount of gaming win that we estimated; no capacity constraints.

Each major market area region should contain only one casino, with the exception of Toronto, which should contain somewhere between one and three casinos



inclusive. The following slide is just an estimate of the mix of gaming equipment. Just to provide some perspective, we've estimated a total of approximately 13,000 slot machines in the entire province of Ontario. There are 22,000 slot machines in Atlantic City's 12 casinos.

We estimated our annualized cash flows for each of the seven market area casinos based on the estimated visitation, the resultant casino win and the required casino gaming floor area. Cash flow is defined as the operating income of each casino net of the win tax, which was assumed to be 20% based on input that was provided to us from the Ontario casino project, and fixed charges, which would include a management fee, property taxes, a reserve to improve the casino facilities after a period of time and debt service.

The estimated cash flows are subject to considerable uncertainty, given the fact that the proposed Ontario casino industry is going to be unique within North America. There are as-yet-unknown site locations for each of the casinos. There's an as-yet-undefined regulatory structure of the industry. There will be uncertainties with regard to the development, timing and establishment of casinos in each of the seven market area regions. Each of those could have a significant impact on our estimates.

For the major market area casinos, Ontario, as I discussed earlier, will be unique in North America, but we believe most comparable to Atlantic City, given the presence of a substantial potential day trip market. Therefore, we believe it is a reasonable assumption to use the annual financial operating results of Atlantic City as the most comparable basis for developing estimates for Ontario. We used the most recent publicly available financial information for both Atlantic City and the larger casinos in Las Vegas. That information is very reliable.

For the smaller market area regions, we took a different approach. We developed a generic operating model based on the cost to develop the facilities and operate the facilities. For that model, we used the publicly available, reliable financial information for Nevada casinos of approximately that size. This figure shows the estimated win tax which would be generated by each of the seven different casinos. That information is summarized on the next slide, which also summarizes the net provincial cash flow from each of the casinos.

That concludes my portion of this presentation. Thank you.

**Mr Farrow:** We can stop for questions here.

**The Chair:** We're a little more than halfway through your total time allocated for presentation, so maybe we can take about half the time to divide that time up for questions, I guess.

**Mr McClelland:** Sir, I just wanted to touch base on

a couple of things. Going back to the slide you just referred to, distribution of casino win by place of origin, it shows approximately 38% Ontario. I'm wondering if there's been any analysis of the ideal percentage of out-of-jurisdiction gaming to maximize the benefit as opposed to the inherent cost associated with bringing a casino into a jurisdiction.

Is there, from your broad experience in the US markets, an ideal ratio? At what point in time do you, if you will, cross the threshold of making it viable in terms of offsetting the associated costs, bringing new money into the jurisdiction?

I take it that the casino win by place of origin is strictly a function of dollars spent. So if it's a function of dollars spent, at some point in time there are costs associated with operating the casino, additional costs, a social services network, policing and so forth. Is there a break-even threshold? Is there, if you will, a minimum for an ideal operation of out-of-jurisdiction moneys being expended?

**Mr Webster:** First of all, I believe your question relates to the costs of actually policing the gaming industry and quantifying the social costs.

**Mr McClelland:** Policing the gaming industry, social service costs, costs to health care system and so forth.

**Mr Webster:** The quantification of those costs was not part of our engagement.

**Mr McClelland:** Okay, so none of that has been done in your study.

**Mr Webster:** That is correct.

**Mr McClelland:** Fine, thank you. Again, is there any experience to draw from, an ideal threshold from the United States, offhand? I don't want to belabour this, because I've got a couple of other questions.

**Mr Webster:** Not that I'm aware of.

**Mr McClelland:** Okay. The assumption of a casino in Detroit—was there an assumption in terms of one casino size, square footage? Is there some assumption upon which your data are extrapolated?

**Mr Webster:** Yes. The assumption there is that it would be a casino comparable to that developed in Windsor, approximately 75,000 square feet.

**Mr McClelland:** Okay. I don't want to be impertinent but are you doing this—I see seven of you, no doubt highly paid and no doubt worth what you're being paid in terms of your professional expertise—are you being paid on a project fixed-cost basis or a fixed-cost plus hourly, or what is the method by which you are billing the government of Ontario?

**Mr Farrow:** I think I should answer that. It was a fixed-price contract for \$250,000.

**Mr McClelland:** Fine, thank you. You also reminded us that your analysis is predicated on the

establishment of a casino in seven market areas, essentially eight or nine casinos, two or three of those being in Toronto. Obviously there is some time frame and shelf life in terms of your report. When do you envisage the expiration of the shelf life of this report?

What I'm leading to, quite frankly, is, to make all these numbers relevant and have any shelf life, when is that casino coming to Toronto? Let me tell you why I think it's probably going to come to Toronto and you might want to comment on it.

If I read the numbers correctly, there's about a 2.5 or 250% ratio of return, a 250% return of dollars to the treasury vis-à-vis Windsor and Toronto. So it seems to me that if you're doing this for a revenue-driven enterprise, Toronto would be the next place you'd want to come, whether it'd be one, two or three casinos. When do you have to do that to make these numbers still relevant and, secondly, have you done anything with respect to site-specific analysis, albeit preliminary, for location of those one, two or three casinos in Toronto?

1450

**Mr French:** I think I'll comment on that. First of all, as it relates to the shelf life, the shelf life of our report—first of all, we assume a stabilized year of operation.

**Mr McClelland:** One year.

**Mr French:** One year, and that stabilized year of operation could be potentially the first year.

**Mr McClelland:** Including interim?

**Mr French:** I beg your pardon?

**Mr McClelland:** When you're talking about a year of operation—I'm sorry to interject. I don't mean to interrupt. I just want to clarify. Are you speaking about the full-time casino or the interim casino?

**Mr French:** I'm talking about a full-time casino, a hypothetical full-time casino, say in Toronto. The first year could potentially be the year of its highest performance, simply because of the novelty and the monopolistic situation that that casino will be in. So as it relates to the shelf life of this report, it's largely dependent on what other new gaming jurisdictions legalize casino gaming in contiguous markets.

**Mr McClelland:** So it's fair to presume that there'd be considerable pressure to get wheels on this and get it moving.

**Mr French:** For example, our research was conducted over the last six months and our fieldwork was conducted about three months ago. Since that time, a compact has been awarded to the Oneidas outside of Syracuse. Now, that particular native American tribe does not overlap with any of our concentric bands, as Dan has outlined. However, they will have a 40,000-square-foot casino that some patrons will go to rather than travel to Niagara Falls.

The impact of that Indian casino, which will not have slot machines, which will be 40,000 square feet of table games, will have some effect. My immediate guess-timate will be that it will be relatively small, but that's an example of an operation that has opened. They were awarded a compact since we started our work.

So the shelf life is largely dependent upon other gaming markets. For example, I also believe that if New Orleans and Chicago at some point in time develop a land-based casino, that will have a negative effect on existing casino gaming operations, as well as potentially a land-based gaming operation in Toronto.

**Mr McClelland:** Have you given any advice or do you have any advice to give the project team with respect to when they should proceed with the establishment of a casino in Toronto and the other six market areas, Windsor being number one?

It seems to me that's very pertinent information, and it would also seem to me—correct me if I'm wrong—that the government would want to know from yourselves a critical path in terms of establishing in the markets, regardless of the political considerations, from the economic realities that will drive the projects elsewhere in the province.

**Mr French:** We've not been asked to comment or prepare any time line at this point in time.

**Mr McClelland:** If you were so asked, what would your advice be to the government of the day to move ahead with a casino in Toronto specifically and Niagara Falls as the probable—and that's just an assumption on my part—next locale for a casino?

**Mr Farrow:** Why don't I answer that question? I think what you're involved in here is competing jurisdictions, and I think when you look at this from a competition point of view to go early is better. As soon as possible with your best opportunities is the strategy, if in fact that's what you decide you want to. If you decide you want a casino in Toronto, then for it to be successful and to maximize revenues, you'd go early.

**Mr McClelland:** So it's reasonable to presume that with the advent of a casino in Windsor the pressure will not only increase, it will probably accelerate, perhaps exponentially, to get a casino up and running as quickly as possible in other jurisdictions.

**Mr French:** We can only speak to experience in other markets. Generally the first casino in has made windfall profits because they've created a captive market and they've also created goodwill among gaming patrons. Certainly that's what's occurring all over the country in the United States with Indian gaming, river-boat gaming and land-based gaming.

But I also think it's important, and probably Carl can speak best to this, that certainly a strategic, very well-thought-out time line and plan is put in place to make sure the proper controls are in place.



**Mr McClelland:** I guess, in short, yes, there will be increasing pressure. The pressure will be considerable.

**Mrs Caplan:** I have one question that relates to the competitive nature. We've heard a number of people express concern about what will happen when Detroit opens, and you made the assumption in your report that in fact Detroit will compete as soon as, or sooner than, we think.

What effect do you think Detroit's competition will have on a Windsor casino, given the fact that Windsor will not have, according to Criminal Code provisions, dice, which is 38% of revenues out of Atlantic City which you've used as a comparison and that likely Detroit will; as well as the restrictions that have been placed on the Windsor casino, which in the American model will likely not be there if Detroit is going to actively compete with Windsor? Have you factored that into your analysis not only for Windsor but for the rest of the province?

**Mr French:** The Windsor market is extremely dynamic. We anticipate that that market alone in a stabilized year of operations would achieve casino win levels of in excess of a billion dollars. We've estimated that with a competitive gaming facility, albeit developed after the Windsor facility is up and running, will siphon off, for lack of a better word, 60% of that demand.

**Mrs Caplan:** Say that again. I just want to make sure I understand what you just said.

**Mr French:** We believe that a competitive, Detroit-based gaming facility will siphon off 60% of the gaming market for the Windsor market defined by those concentric bands, and as we've said before, we believe it to be a more than \$1-billion market in a stabilized year of operations.

So we think we've been reasonably fair with how Windsor will be impacted by a competitive gaming market. Interestingly enough, and I think Rowan can probably speak to this, we had focus groups and we did a lot of surveying, and a number of individuals from that particular market would prefer to come to Windsor to participate in games of chance.

**Mr Farrow:** It's safe.

**Mr French:** It's safer. So we think the safety factor may have some positive impacts for Windsor. But certainly if they were to develop multiple casinos or other attractions which would lengthen the stay for people in Detroit, which I would say would be a monumental task with the problems that are being experienced in Detroit, that would have an increasing impact on market share in Windsor. But we still believe, and this has been very, very consistent, the fact that you are the first casino in operation is going to be a significant advantage to generating a loyal following.

**Mr Eves:** Most of my questions really have been asked about the impact of a Detroit casino, which I

think is a very logical one. Most of the questions I'd like to ask are impact on charitable casinos, horse racing industry, that type of thing. Would you prefer that I deal with that later on?

**Mr Farrow:** Yes, please.

**Mr Eves:** And also societal costs. Mr McClelland briefly talked about things like policing cost, cost of pathological gambling or compulsive gambling as the Canadian foundation refers to it, and they were here I believe two days ago. Do you want leave those to the end as well?

1500

**Mr Farrow:** We're going to deal specifically with that, so we'll—

**Mr Eves:** So I'll pass on to my colleague Mr Tilson, and perhaps if we have any time left I'm sure the Chairman will save it for us. Thank you.

**Mr Tilson:** Your report is dated two days ago—the first part of August—which I find interesting. From the government we create a pilot project, in fact a whole procedure to develop a gambling casino in the province of Ontario and then we hire a consultant to see whether it was a good idea or not.

I have trouble with that, specifically when I look at the mapping. I understand the principles of it. I would rather a consultant such as your firm—none of my comments are meant to be derogatory remarks—had come with a clean map, a clean sheet. Instead of picking out areas such as Windsor, Niagara Falls, Toronto, Ottawa, Sault Ste Marie, Sudbury, North Bay, Thunder Bay, all of which have been suggested for many, many, many months in the past as potential sites, I would have rather you had come to present a report to this government suggesting specific areas, specific sites for whatever reasons that you have just given.

You have indicated that your firm is quite experienced and has spent a considerable amount of time advising other states. Were you retained before these states got into these ventures or—

**Mr French:** I think I can understand your questions. It depends. We like to be retained before, but the furore of casino gaming in North America sometimes doesn't make it possible. For example, the state of Connecticut had us do a study four years ago prior to the development of casino gaming at Foxwoods. We have conducted a major economic impact study for Gary, Indiana, prior to any casinos being developed or any siting of casinos.

We would prefer it to be that way but oftentimes, if you've been reading about what's going on in Louisiana with New Orleans, the process does not get us involved. I can also assure you that we try to get involved very early because it's good business for us.

As it relates to the sitings of these casinos, we were informed of 13 potential sites, and we tested every one

of these sites based on the concentric financial model that Dan has outlined to you. If in fact these were not the most appropriate sites, we would have clearly made that available to the gaming commission. We believe that these sites that we've identified, these seven, are the best potential sites that will meet the goals that have been outlined to us. I know people have said Toronto and Niagara Falls and Windsor, and maybe that's obvious, but we've confirmed that they would generate these win levels we've estimated.

**Mr Tilson:** I'd like to speak about your concentric financial model, the plan that you follow. I understand the results that you conclude with. I guess some of my questions have to deal with how you arrive at your initial presumptions. In other words, if you take red paint and blue paint presumably you'll come up with some sort of purple paint, but that's assuming that the initial presumption is that you have red paint and blue paint to start off with.

I start, for example, going through your executive summary, just talking about presumptions that you make:

"Inherent in the policy objectives for casinos in Ontario is the generation and capturing of new spending as opposed to simply creating a venue for the redirection of existing spending within the province.... Both tourism gateways (road, air, rail) and areas currently experiencing large numbers of tourist visitations were identified as locales for the highest potential and therefore were used as a starting point for more detailed analyses."

Then you go on as to how you arrived at your conclusions. I understand that. However, it may well be that in specific areas such as the pilot project that's being chosen now—and Mr McClelland has spent some time on it and I'd like to return to that—that assumption may not be correct.

We've got aboriginal reservations around Windsor; we've got American Indian projects around Detroit. We've got all kinds of political things that have been going on in Detroit for some time: "Are we going to have casinos?" It appears that they may or they may not. And there are all of these other factors: You have a whole different type of society south of that border as opposed to north of that border—the social impacts of crime, the predictions, all kinds of things, not just populations.

So I guess I get back to my initial question. It's fine to come up with these conclusions, assuming your initial presumptions are correct, but I would submit that there's a tremendous amount of guesswork being put forward by you as to what those initial presumptions are.

**Mr Farrow:** Can I just respond to that? As to the first part around the determination of the market areas,

that they were given to us. Windsor, we knew, was a given, but for every other situation we looked at the market area and looked at the potential so that an area—and we specifically said in the report that we're not picking Niagara Falls. We're saying that there's a potential in the region of Niagara Falls for a facility. We've done that, and that was done on a basis of a logical analysis concerning access to the populations in the market. So that's the first thing.

The second thing is that we're very sensitive to the issue that a lot of the hard data that we're drawing on are based on US situations. We have done work to verify that, made adjustments in terms of demographics, socioeconomic profiles, behaviours etc. We've cross-checked it by running focus groups, by accessing surveys about what the gambling habits and intentions of Ontario residents are.

**Mr Tilson:** How do you do that?

**Mr Farrow:** How do we do that? We do that by accessing the survey data which say about Canadians, "What do you do? What would you intend to do?" and by looking at the exit data about tourists who go down and what their intentions are in terms of gambling or not. So that's the way we do it. We look at the situations elsewhere. We say, okay, here was a population where the average income was \$25,000 a year, and they had these education characteristics; what happened when you introduced a casino into that?

So it is a projection and therefore cannot provide certainty, but within the evidence and information that's available to us right now, we've done the best we can to verify that what has been observed in one jurisdiction would be true in an Ontario jurisdiction and then made all sort of allowances for underestimates or overestimates.

Your caveats, I think, are well founded, but we haven't taken those issues lightly; we haven't just guessed. We have looked critically at some of those conclusions and tested them among ourselves, and that's how we deal with that.

**Mr French:** If I could just add briefly to that, we interviewed all the major gaming companies that we've worked with in the past, and our baseline of information is really the Atlantic City experience where, within a 300-mile radius—I'll use miles, because I'm most familiar with miles—there are approximately 50 million people. Within a 300-mile radius of Toronto, there are approximately 40 million people. To simplify this, it's largely a day-trip market, and people who travel to Atlantic City, day-trippers, generally travel  $x$  number of times per year, generally stay  $x$  number of hours and generally spend  $x$  number of dollars. All that information is quantified by additional research we've conducted in other markets, as well as with the casino companies. We've taken that as our baseline information, and we've adjusted it for the difference in the eco-



demographic situation here in Ontario.

**Mr Tilson:** I don't profess to be a consultant; nor does anyone on this committee. That's why we have you here to talk to us. But at the same time, I look at Canadians and Americans, and if you were going to go and gamble, you're going to go and gamble where the best product is. There are many Canadians who fly to Nevada or they go down to Atlantic City because there are all kinds of glitz and lights and good games and all kinds of other things.

**Mr Dadamo:** And Wayne Newton.

**Mr Tilson:** Exactly. I'll tell you, Wayne Newton isn't going to come to Windsor, and that's the very point I'm trying to say, that that's another assumption you're making, that Americans are going to come north, whether it be to Windsor or whether it be to Niagara Falls or whether it be to any other of these cities. It's another assumption and, I submit with due respect, it is fallacious. Do you really think the Ontario government is going to create a product that's similar to Atlantic City or Nevada?

**Mr French:** I will tell you that Frank Sinatra will be performing in Aurora in a river boat in two months, and at Foxwoods you're going to have some headliner entertainment that's going to be coming there. If you can pay these people enough money and your casino is that successful, these top-line headliners will attend. If you have professional, blue-chip operators—and these casino gaming companies are Fortune 500 companies, some of them—if you have them running your casino, it will be run professionally, and we strongly believe that the numbers that we've estimated are achievable.

**Mr Tilson:** I guess what I get—

**The Chair:** Your time's up. You've used it up very effectively, I might add. Mr Martin, you're up.

**Mr Martin:** I was wondering about your concentric circles. I'm not an economist. Did you use your little compass or what did you base that on?

I have to apologize for being a bit parochial. I'm certainly interested in the Sault Ste Marie opportunity, and when you draw your circle, you miss, for us, a fairly major market. If you look at the skiing industry, for example, we're attracting folks in ever-larger numbers from the Chicago area, but that Chicago area doesn't fall within the concentric circle. Did you consider that? What emphasis did you put on the fact that there's already an existing casino across the river which is doing quite well, which I believe right now is, what, around 45,000 square feet?

1510

**Mr Webster:** No.

**Mr Martin:** I was talking to some of the folks last night, and they assure me that it's significantly more than 10,000. They've had three additions in the last—

**Mr Webster:** Six months.

**Mr Martin:** Six months, yes.

**Mr Webster:** We didn't consider the additions in the past six months. I was not aware that they had expanded since we began our analysis back in March. That casino, to the best of our knowledge, is very successful. We did make accommodation in our estimates to reduce the people who would be coming from that portion of the catchment area to reflect the competition from that casino. I can look up the specific number, but I believe we probably reduced it by about half in terms of the total concentric band, because a great number of those people live on the US side of the border.

The research shows that people tend to go to areas that are most convenient to them for casinos if they have comparable gaming opportunities. The size of the casino in Sault Ste Marie was one of the reasons that we assumed a minimum-size casino of 10,000 square feet, because if you put a 3,000-square-foot casino there, the likelihood of that being competitive, because it wouldn't have the same facilities, the critical mass, the advertising clout as the US Sault Ste Marie casino, the chance that it would be competitive is diminished. You have to have a comparable facility.

Again, our basic assumption is that people will go to the casino that's closest to them. In Chicago—that's probably about 300 miles from Sault Ste Marie?

**Mr Martin:** Yes.

**Mr Webster:** There's a possibility people will travel there. I think there's probably a greater possibility that if they have a desire to gamble at a casino they'll probably drive to Windsor instead, because people who are that dedicated to gambling are going to want to go to a facility that offers more.

**Mr Martin:** Did you look at all at the strategic mass of a recreational opportunity in an area? We have a fantastic ski area in Searchmont that attracts thousands of people, again, from the Chicago area. The folks across the river running the casino are certainly seeing the casino on our side as adding to that strategic mass of attraction that would bring people up. Did you do any analysis of that sort?

**Mr Webster:** We did consider the fact that existing tourists already come from the Chicago area in our analysis. They're factored into our analysis in terms of visiting the casino and generating casino win.

**Mr French:** We did not get into a situation where we looked at a lot of the seasonal characteristics of markets. That would be, I think, very subjective and would be very difficult for us to do.

**Mr Duignan:** I'd like to make a comment on the fact that Canadians can't compete. I believe the Windsor casino, what will be built there, will be very competitive for the Ontario market and indeed it will be very competitive for the US dollar. This whole doom-and-

gloom scenario that what we're going to build in Windsor is going to attract huge amounts of crime or prostitution etc is just not there. Whether a casino opens in Detroit or not, it will still be very attractive for the US market.

**Mr Tilson:** All the police chiefs around this province are saying no, there's all kinds of crime going on, contrary to your predictions. You've got to listen to somebody.

**Mr Duignan:** It's a pity, Mr Tilson, you didn't listen to the optimistic people in Windsor last week who want the casino, who want the business.

**Mr Tilson:** I'm listening to the people who are trying to police this thing, and the police are saying you're in for big trouble.

**Mr Dadamo:** He wasn't there.

**Mr Duignan:** You weren't there.

You basically made your projections within an area of about 150 miles of the projected casino site. Did you look beyond that market, say around the 500- or 300-mile market as well?

**Mr Webster:** We did not look beyond 150 miles. When we put our map together of the major market area regions, the overlapping of the casino areas and the proliferation of casino gaming throughout the United States led us to believe, and it may be a conservative assumption, that to go beyond 150 miles would be less supportable in our analysis, though it may make our analysis more conservative, because of the other gaming options that are developing around the country. The 150-mile radius—if you look at the Pequot casino in Connecticut and the Atlantic City casinos, the circles, the radiuses, almost come together. So it leaves very little untapped or unserved demand in the northeast region there.

**Mr French:** We did make accommodation for the existing visitor base. So many of those visitors who do go to Windsor are from outside that 150-mile concentric zone. All those visitors and all the conventioners and all the tourist people who do come or have historically come to these markets, we have made accommodation for them.

**Mr Webster:** I'd like to make one more statement too about the facility that we've assumed will be developed in Windsor. We've assumed that obviously an attraction that people will want to visit—and that's stated in our report—is going to be developed. If you open up the warehouse and you put slot machines in there, some people will come, but it's not going to be a competitive facility and it leaves you much more susceptible to competition from Detroit. We're assuming a facility comparable to those in Atlantic City. I don't know how many have been to Atlantic City here, but these are large casinos, they're very interesting for people to visit, and they produce a certain type of

atmosphere that propels people to gamble. We're assuming that type of facility. The Pequot casino in Connecticut was a much different type of facility but it's a very attractive facility. It's been very successful.

**Mr Duignan:** I notice you made a presumption of overseas visitors of about 2% visiting the casinos. Is that because the overseas visitors are here and will visit casinos? Was it based on that assumption?

**Mr Webster:** Yes. Those are the existing visitors. That's capturing the existing overseas visitors.

**Mr Duignan:** But there always is the potential to market overseas and to market beyond the catchment area of 150 miles.

**Mr Webster:** Correct. We're not suggesting at all that there will not be any demand coming from outside 150 miles. There will be demand from outside 150 miles. We thought it more prudent to look only at 150 miles because of the competition throughout the US.

**Mr Farrow:** Mr Chairman, I know you're watching the time, and I'm trying to watch the time as well. I'm just concerned about the other parts of our presentation and how the time is going on.

**The Chair:** As soon as Mr Dadamo poses his question, and however long the answer may take, we're going to continue on.

**Mr Farrow:** You're saying shorter answers will be helpful.

**Mr Dadamo:** I'm a Windsor member, by the way. The interim casino will be in the riding which I represent, so it's very important to me.

I wanted to talk about the 12,000 visitors per day. That's a figure that's been bandied around for a long time now and I'd like to find out how that was derived and how that will parlay into day trips, overnight trips and things like that.

**Mr Webster:** We developed the visitation by looking at the concentric band and applying our propensity factors: what percentage of the adults will gamble, how many times they'll visit a year, and then for win, how much they'll spend. We developed an annual number. We didn't look at a per-day number. The per-day number is just the average divided by 365 days. That again is developed from the Atlantic City propensity factors, with various adjustments.

**Mr Dadamo:** When the permanent site on Riverside Drive is done, hopefully in a couple of years from now, I believe it will have one hotel and three restaurants. There's a lot of curiosity about whether people will venture out from that particular site. Once they're in, will they venture out to the downtown, to other restaurant establishments? Will they buy newspapers? Will they go out and go into that clothing shop or areas like that?



**Mr Webster:** I prefer to let one of our tourism specialists address that.

**Mr Farrow:** It's part of the presentation on tourism, so we'll come back to that if we might.

**Mr Dadamo:** Very good. Thank you.

**The Chair:** Then if I might ask you, Mr Farrow, to take us further into this presentation.

**Mr Farrow:** Thank you, Mr Chairman.

**Mr Carl Zeitz:** Excuse me. I was asked to clarify one thing. In one of her first questions, Mrs Caplan asked about Detroit and the impact on the Windsor market, and because of the restrictions on dice games here in Canada by federal law, she asked what the impact would be because of that restriction, basing that on the basis of the report saying that 38% of the revenue in Atlantic City is from dice games. That is inaccurate; 38% of the revenue in Atlantic City is from all table games. The dice or craps game is probably about a quarter of the table games; therefore, it accounts for approximately 9% to 10% of all revenue in the casinos in Atlantic City, but not for 38%.

**The Chair:** Thank you for that clarification.

**Mr Farrow:** Thanks, Carl. The next part is that Gord Phillips is going to talk about the economic benefits to the province and the strategies to enhance tourism. Gord, I think you're going to have to run through this in about five and allow time for questions.

**Mr Gordon Phillips:** Thanks, John. I'll do my best.

I'm with the Economic Planning Group. Our company specializes in tourism. We work exclusively in that field. We're based here in Toronto. We also do a lot of work on assessing the economic impact of tourism projects, tourism development.

I'm going to be making some references in the tables that you're going to see to direct effects, indirect effects and induced effects. Just to clarify what we're talking about, direct effects—this is economic impacts—relate to the impacts that are immediately apparent from the first round of expenditures. In other words, if a visitor spends \$100 on a trip, those direct expenditures create jobs immediately in those establishments and in the suppliers to those establishments. Those are the direct effects.

Further, however, as you're aware, a dollar flowing throughout the economy over time is spent again and again, and so we get indirect effects caused by subsequent spending of that new dollar in the economy and we accumulate more and more employment and taxation and everything else. So that's just a definition that I wanted to get clear.

There's also the reference to induced effects. They're similar to indirect effects. They have to do with what employees do with their wages from their new jobs: buying automobiles, buying new houses and so on, and

that's sort of inducing new economic activity again.

So the cumulative effect of all these things is fairly dramatic and very substantial and the numbers are very large, but the actual direct expenditure or the direct effects of the casinos themselves are only a portion of that. I'll try and clarify that as I go ahead, and I'll try to keep it as brief as I possibly can.

The economic impact analysis really had four components. First of all, the casino win analysis that Dan has led you through gave us the information on the expenditures of visitors to Ontario and Ontario residents at the casinos themselves. What money they lose becomes revenue to the casino. Then what we did is we ran the operating expenditure of all these casinos through an economic impact model and measured the impacts throughout the economy of those operations.

Then we did supplementary analysis, which is represented on this slide that you're looking at here, which is to try to determine what sort of offsite visitor expenditure might be generated in the Ontario economy. What this is is other spending in the economy, not at the casino, so it's staying in hotels, eating in restaurants, buying gas on the way, renting cars, all of that sort of thing. For the purposes of conservatism, we only measured the offsite spending of people who are not residents of Ontario, on the presumption that Americans or other Canadians, international visitors—that that spending was new spending in the economy, but for an Ontario resident to go to a casino, our assumption was that those dollars are being taken away from some other economic activity and do not represent new economic activity in the Ontario economy as a whole. So that's a highly conservative assumption. Most of the numbers you're looking at in the report have to do with incremental economic effects. This is new tourism activity, not displacing existing tourism activity, so it tends on the conservative side.

Basically, what we're projecting is that for new visitors to Ontario and extended trips of existing visitors, added time and added spending would amount to \$1.1 billion a year, and that in addition to that—this is another, separate analysis that we did—with Ontario residents who are now leaving the province to go to casino gaming elsewhere, we're going to repatriate some of that activity, that casino gaming expenditure and tourism activity, and that's going to generate another \$26 million in new tourism spending. That's not gaming spending; that's tourism-related: accommodation, travel costs, that sort of thing.

Further to that, we've got \$300 million that we're projecting the casinos will spend on behalf of their customers on accommodations and meals and such things as inducements to bring them here. We have treated that as visitor expenditures for the purpose of analysis, because from an economic standpoint, that's the kind of expenditure it is. So we have removed that

from the win analysis just to make sure we weren't double-counting that figure. So in total, the visitor spending that we project to be generated will amount to an annual amount of \$1.421 billion annually in the Ontario economy over and above the casino win.

Now, for the purposes of illustration, in the casino win analysis from the operation of the casinos, we ran the numbers with the entire expenditure of the casino, but we have to recognize that some of the casino win is being generated from Ontario residents. It's one thing to leave the Ontario tourist expenditure out, but it was harder to leave out the casino win coming from Ontario residents, so the numbers do include the Ontario casino win. The percentages of Ontario and non-Ontario resident casino win expenditures are on the next table. As you can see, in Toronto, for example, 54% of the casino win is going to come from Ontario residents, whereas in Windsor only 5% will come from Ontario residents, and 95% from visitors to Ontario.

The next slide indicates the economic impacts, and this is a summary that from the construction of the casinos—and this is purely the construction alone; these are one-time effects that will occur during the development period—there will be a total of 12,800 person-years of employment generated in the economy and employment income of \$601 million. Those are direct, indirect and induced. They are the ultimate cumulative economic benefits in the economy from the result of that construction.

The next slide, then, and this is perhaps the more significant one, talks about the permanent, sustained employment and economic activity in the economy as a whole from the annual operations. Now, if you'll notice on the right-hand end of this slide, we're talking full-time jobs from all seven locations of 45,000 year-round, full-time job equivalents. There will be more actual positions than that because some of them will be seasonal, some of them will be part-time, but in terms of full-time equivalents, 45,000 from the direct expenditure. Of those, roughly half we would guesstimate would be at the casinos themselves, so maybe 22,000 jobs in the casinos and another 22,000 jobs created in direct suppliers to the casinos, and then all the indirect and induced effects through the spending of those dollars as they run through the economy will create another 51,000 jobs for a total of 97,000 sustained jobs in the economy and employment income in Ontario of \$4.2 billion annually.

The next slide has a quick summary of the spending: \$578 million on building the casinos; annual sustained spending from casino operations of over \$2 billion. Now, the casino win is higher than that; it's about \$2.4 billion. We've taken out the next item, which is complementary expenditures, \$297 million, and treated them separately, so the total of those two is the casino win. Then \$1.1 billion in increased visitor spending in the

economy, plus another \$26 million annually in Ontarians staying home to gamble instead of going to other destinations, so we're looking at total new spending in the economy of \$3.458 billion annually.

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**Mr Farrow:** I think we can go straight on to talk to tourism strategies and then stop.

**Mr Gordon Phillips:** We were also asked, in addition to doing the economic impact analysis, to look at strategies to enhance tourism. Basically it was evident to us that really there were two strategies that seemed to be in conflict with one another.

One is to maximize the amount of non-resident casino win and that would say, "Let's put them all on the borders and get the Americans rather than Ontarians spending at these casinos," but on the other hand, to benefit the tourism industry, the extent that the casino is located away from the border in a destination within Ontario, then there's going to be a greater proportion of secondary spending created. So we're basically recommending a mixture of border point casinos and inland casinos to maximize tourism on the one hand, but also to get the benefit of maximum non-resident casino win, from the US particularly.

There are two markets basically. One is the dedicated casino gamer, and that's going to be in the bulk of the market available to us, and we're basically saying the strategy there is to attract the maximum number of casino visits, and in tandem with that to promote packages and travel products that are directly complementary to a casino trip. It's all casino travel.

For the broader tourist market, we're basically suggesting to use the casinos in Ontario as an attraction to promote new trips and extended stays in the province. For example, in convention promotion, the casino becomes an attraction, gives an extra reason for a convention organizer to hold a convention, so that becomes a further strategy.

Basically, the markets and products to be targeted for promotion and packaging efforts, we're suggesting, are first of all casino day trippers living within 240 kilometres. You've already heard the analysis that is predicated on that in large part. Casino day packages by motor coach from the same area and motor coach packages to Atlantic City are a major factor in their market. Casino-based getaway packages of one to three nights: Let's try to induce people to spend more time in the community. Pass-through travellers: These are people who are already coming to or through Ontario. Let's try to induce them to extend their stay for a short time, stay a night, visit the casino and do other complementary things, and then also regional meetings, tying in a visit to the casino; we think that's going to be an important strategic element.

For those destinations which we've defined in the



report to be established tourist destinations, and this is not black and white by any means, but clearly the city of Toronto, Niagara Falls and to a little lesser degree the city of Ottawa are established vibrant tourist destinations, and there are some additional strategies we think they would be successful with as well, and that is multi-day packages in which the casino plays a part but is not necessarily the dominant element; packages in association with attractions, special events, sports events, theatre, national and international meetings and conventions; and also incentive travel packages, a very lucrative market. Ontario has not been a major player in it. We think that with casinos we could start to become a serious player.

The report, as you're aware, dealt with each of the seven communities and the types of specific strategies within this overall framework that we felt to be most appropriate for those individual communities.

**Mr Farrow:** I think I'd like to stop and take questions on just that part now, the economic impact on the service sector.

**The Chair:** Okay, we'll use an additional 15 minutes, five minutes per caucus.

**Mr Eves:** I want to ask a question with respect to appendix 1, the people you interviewed to do your study. How did you decide which people you would interview?

**Mr Farrow:** Without looking at the list that we have there, we decided on whom to interview by looking at the information we needed, by talking to the casino project and hearing about people who had indicated that they wanted to be interviewed or consulted, and they were the two criteria we used really to select people. Some people had asked to be spoken to and some we thought we needed to talk to because they had information that we wanted.

**Mr Eves:** On page 2 of appendix 1, there's an individual, the second name down I believe—I don't know if I'm pronouncing the name properly—Danny Leung of Danny Leung Enterprises; does anybody know who he is and what his level of expertise is?

**Mr Rutsey:** Danny Leung arranges junkets and trips to Atlantic City. He was instrumental in arranging I believe in excess of 50,000 visitations to Atlantic City over a period of time, principally to the Trump Taj Mahal. He as well arranges package tours to Las Vegas. He was an individual we became aware of during the course of doing research and he assisted us in assembling a focus group and allowed us to do a mailing to his list of clientele for whom he has arranged trips to both Atlantic City and Las Vegas. That's who Mr Danny Leung is.

**Mr Eves:** Is Danny Leung from Toronto?

**Mr Rutsey:** Yes, his office is in Toronto.

**Mr Eves:** Is he one and the same Danny Leung who

is the vice-president of Canadian marketing for Trump Taj Mahal Casino Resort?

**Mr Rutsey:** I believe he was. I'm not sure if he still is.

**Mr Eves:** Is he one and the same Danny Leung who is identified on a chart prepared by the US subcommittee on investigations and identified by them, I might add, not by me, as an Asian organized crime figure? Is that one and the same Danny Leung from Toronto?

**Mr Rutsey:** If that's the same Danny Leung, that would certainly be news to us.

**Mr Eves:** I'll give you a copy of this chart. You might want to look at it. Because if it is, I find it highly unusual that Coopers and Lybrand would be contacting such an individual to—

**Mr Rutsey:** Carl, can you address that? Explain your background, Carl, and maybe you can address whether or not that's possible.

**Mr Zeitz:** My name is Carl Zeitz. From August 1980 until December 1988, I served as a member of the New Jersey Casino Control Commission. As a commissioner, I was not permitted any other employment or source of income. I had, at the end of my term of service, a four-year post-employment restriction on employment in the casino industry and a two-year prohibition in terms of representation of the casino industry, so I've never been employed by or represented the casino industry in any fashion in Atlantic City.

I do not know who this individual is, and he may very well have come before the commission while I sat as a member. I don't know his history in the industry. However, if he was at any point licensed in New Jersey, and apparently the individual that Coopers and Lybrand is familiar with was licensed and may still be in New Jersey, then he had to go, especially if he held a junket licence, at some point through a number one key licence investigation which requires the submission of a form of application that is over 60 pages in length, assuming it has not changed since my term of service.

He had to be investigated by the New Jersey division of gaming enforcement and the New Jersey state police, which would have had access to and probably, I presume, the cooperation of police authorities here in Ontario. In any case it can certainly be checked and confirmed with the New Jersey Casino Control Commission as to the licensing and regulatory history of any individual named Danny Leung who is from the city of Toronto, and his present status can be ascertained. Is there anything I can say further to elucidate on this?

**Mr Eves:** I just wondered if it was one and the same individual. Indeed, there may be two or more individuals by the same name, but if it is, I have some difficulty putting weight to the evidence of such a witness, if indeed it is somebody who is considered to be part of the organized crime element, not by me but by the US

subcommittee on investigations.

I am also a little concerned, and I understand that you made it clear at the outset that it wasn't Coopers and Lybrand's mandate to look into the impact of casino gambling in such areas as policing, for example, but I think those are very important societal costs. There are lots of costs that you've identified and very accurately and appropriately, I think, in your document, but surely part of societal cost is the cost of the possibility of crime and are policing costs, as indeed are other societal costs such as compulsive gambling.

I note that in the presentation you made to us today and in the smaller document you do allude to some of those social costs, and you talk about pathological gambling and the lack of expert evidence that's available, or information I guess is a better way of putting it, and that you say that information is desirable upon the incidence within Ontario and the cost of pathological gambling. But those surely, as crime and as policing, are costs, and I don't know how we can have a comprehensive study on what the impact is going to be, in the province of Ontario, of casino gambling without dealing with, I think, those very relevant and very substantial elements.

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If we're going to listen to individuals, if it is one and the same individual, then why wouldn't we listen to a comparable number of experts and individuals in police forces, in law enforcement forces and experts in those areas as well and get some kind of a handle on or impact analysis of what the costs in those areas are going to be?

**The Chair:** Okay. I just want to say, Mr Eves, that I've been very generous with the time. You'll have another five minutes at the end of this proceeding, and you may choose to answer now or maybe you can answer that in your upcoming continuing presentation.

**Mr Farrow:** I think I'd like to answer is now while I remember the question and the point. First of all, with the issue of policing, the casino project has retained advice around the policing and we got input from casino project staff around policing issues and Mr Zeitz is very conscious of that. So I mean it wasn't ignored, but what I'm saying is that we didn't push down into the level of detail of saying, "We're going to have it," because we weren't addressing where a casino would actually go on a particular site. I'm sympathetic with the point you make that there's maybe more work to be done around that in certain situations, but it's just not something that we did.

Though, on the issue of social costs generally in pathological gambling, we did retain Rachel Volberg, who is one of the North American experts on that, and you refer to a couple of lines there, but in our report we've got a dozen pages which summarize a much more extensive work that was done, that we commissioned

from her, around that whole issue. I don't know whether you find that satisfactorily dealt with there, but it certainly wasn't ignored. We were very conscious of it and we've drawn attention to, I think, things that should be done to address that issue.

**Mr Eves:** So would it be fair to say that aspect is something—

**The Chair:** Thank you, Mr Farrow. Mr Duignan.

**Mr Eves:** —you think the government should consider further?

**Mr McClelland:** He can use my time to answer that.

**Mr Farrow:** Our recommendation in the report is that the issue of how to address pathological gambling or the impact—yes, it does require further examination and study and further work.

**Mr Eves:** As well as policing and crime. Is that fair to say?

**Mr Farrow:** We didn't say that in our report because we thought that in fact was being—there were people being retained in getting good advice around that. For example, we need baseline data around the habits of gamblers in Ontario right now, which are not available, and we recommend that this be started right away. I mean, that's one of the things that's in there.

**The Chair:** Thank you. Mr Duignan.

**Mr Rutsey:** Excuse me. Might I speak to our interviewing of Mr Leung? Our interviews with Mr Leung were principally confined to arranging these focus groups and mailing out our questionnaire to Ontario residents who go to Las Vegas and Nevada on gaming trips, and that was really the extent of Mr Leung's involvement in the process.

**Mr Zeitz:** My role in this is to address regulation—you may not get to me before I have to leave and, begging your permission, make a plane—but reference has been made to the policing of the industry. By that, I take it to mean the establishment of a regulatory system to deal with this kind of an issue: Who is this person? What is his background? Do we want to admit him to a gambling industry, a legal casino industry here in Ontario or not? That is up to you, to write the strictest, most rigorous form of regulation. I recommend the New Jersey system. It is recognized universally now as the toughest. The industry doesn't particularly care for it. They would prefer to have other systems, but it's become the heart of one state after another in the United States in terms of adopting a very rigorous system, because the first role of a regulatory system is licensing to determine suitability and to provide a system of sterilization to prevent unsuitable people from being involved. That can be achieved through your police authorities and a strong statute.

**Mr Duignan:** Since a number of your team have to leave in about three quarters of an hour and since we still have a number of areas we haven't touched on yet,



we're not going to ask any further questions at this time except to say maybe if we just could move on and get the rest of the areas covered before your team leaves.

**Mr McClelland:** Just by way of information, Mr Chair, I think the point was well taken about New Jersey having the strictest commission and screening procedures. I regret I don't have it with me; I'd like to introduce to the parliamentary assistant and committee members an article from the Wall Street Journal of about two weeks ago. Notwithstanding that, one of the major operators had some difficulty with an individual who had apparently passed the screening process and none the less ended up 48 hours thereafter being dismissed from his employment because of security concerns with respect to organized crime. I think that speaks volumes that one can go hand in hand with the other.

Having said that, I want to get to spending in Ontario, the slide that was up with respect to the incremental offsite expenditures of non-resident visitors, an approximation of \$1.1 billion. I'm wondering if some of the data were extrapolated from Atlantic City. I know that Atlantic City was used for other data, in extrapolation of data from Atlantic City experience. Is there some relationship between that \$1.1-billion projection and the experience of Atlantic City which, I think, if my anecdotal evidence is accurate, indicates that it did not in fact realize significant secondary economic benefit in the community beyond the walls of the casino, if you will? Perhaps you can help me with that.

**Mr Gordon Phillips:** The person visits—that whole analysis came from the win analysis and was not rooted directly in the Atlantic City analysis, but in large part the estimates of visitor expenditure that would occur for casino gambling—

**Mr McClelland:** I'm thinking specifically offsite, if that helps.

**Mr Gordon Phillips:** Okay. As well as offsite expenditure, we used a survey that was done by a Toronto-based company, Longwoods International. They have a client in the state of New Jersey and they have been doing annual survey research for the state of New Jersey. We were able to buy from them some of the results of that research. Basically we used day-trip data and overnight-trip data of people going to Atlantic City in terms of their offsite expenditure. We converted that to Canadian dollars and we used that as a model for the daytime, same-day and overnight expenditure likely in Ontario.

It was quite interesting, however, that the expenditures on offsite were quite high. Even on same-day trips there was a significant amount of offsite expenditure. There is a table in the report that I could find if you want me to that illustrates the actual numbers on per capita expenditure. It is an exhibit. But you're right, it is rooted on the Atlantic City behaviour model.

**The Chair:** I just want to let you know, Mr Farrow, at this time that if we should continue until 4:30—and the members have indicated they would like at least another 15 minutes for questions—that only allows you about another 25 minutes to complete your presentation. I just wanted to make you cognizant of that.

**Mr Duignan:** On that point, I wondered—I know there are many areas you haven't touched on yet—if we could proceed through the rest of all the areas without any further questions.

**The Chair:** That's what I just suggested.

**Mr Farrow:** I take your guidance on it. What I was proposing was to have Carl Zeitz now talk about regulation and control. Carl, you've just got a few minutes—I think, perhaps, questions to allow the committee members to direct you to the areas of their most concern. So just a few introductory comments.

**The Chair:** If you could go completely through your presentation, the members are very adept at understanding what's transpired and they can save those questions to ask you at the end.

**Mr Farrow:** I'm very conscious about Carl; he's one of the people who's got to catch an airplane.

**Mr Zeitz:** Mr Chairman and members of the committee, I think I've already been introduced to you out of order a bit, but I am a former regulator in New Jersey and that's one of the causes of my involvement with Coopers and Lybrand in this consulting assignment.

My contributions to the report involve the sections which deal with regulation and with the subject titled "Benchmarking." I'm going to try to abbreviate this. I have prepared remarks and I hope they're here. They're supposed to be up here and they'll be distributed to you.

Concerning regulation of casino gaming, it's fair to say, as the report indicates, that a sound system of regulation is a requisite to the establishment of a legal casino gambling industry. A casino regulatory system has the following objectives: It safeguards public and private integrity; it tracks public and private investment in casinos and the returns earned on them; it ensures control over assets; it tracks and controls all moneys wagered in casinos, paid out as winnings by casinos and distributed by casinos for fixed and operating expenditures, for debt service, return on equity and the like. The regulatory system will ensure the honesty of the games offered to the public.

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These objectives are then met by undertaking the following regulatory functions. Number one: As I indicated before, the primary function is licensing to screen, approve and monitor the participation in casino gambling of all owners, operators, investors, employees and vendors; regulatory authority to borrow or extract from legal gambling any person or business entity who

initially or later fails to meet rigorous standards for integrity.

I should say that in the course of my eight years' service on the commission, we sat on hundreds of hearings involving individuals. We sat on lengthy hearings, some of them lasting as long as eight weeks, five days a week, nine to five, in the hearing room. These are in terms of the licensing of corporations and operating entities, several of whom were barred from operating in Atlantic City by the commission during my period of service. The point is that these are detailed administrative hearings and trials.

Other regulatory functions that are vital are establishing control systems. These, at a minimum, involve controls over accounting in casinos, security, surveillance, auditing, operations, gaming equipment and management. They must be segregated to assure that there are multiple levels of supervision and that there are checks and balances between them; one system of controls serving as a brake on the next to assure that nothing is evaded or slips by.

Finally, an important function of gaming regulation is the creation and monitoring of fair rules of the games with notice to the public so that you require the regulators to write detailed regulations as to how the games are to be offered for play; how they're to be exposed for play; how they're to be operated. The least little details should be set down in black and white so that nothing varies. What you don't want is variation, or you at least want notice to the public officials, the regulators, of any variations before they occur.

In the two largest gaming jurisdictions in North America, Nevada and New Jersey, the regulatory authority reposes in the dual-agency system. In both states, the gaming control statutes establish police investigative and enforcement authority in one agency and rule-making and administrative judicial authority in a second agency.

The dual-agency concept is reflected in Bill 8, which is before the Ontario Legislature. While this legislation is predicated on the creation of a third entity, which is a public corporation that would own the casino or casinos established by the province, the notion of a dual-agency regulatory system, committed to the missions I have outlined, is no less applicable or appropriate than it is for a model that would be predicated on private ownership of casinos.

The government of Ontario would never have, for a moment, any less interest in the gaming operators chosen to manage the casino or casinos proposed by the province than, for example, the state of New Jersey has in the suitability of the individuals and businesses that own and operate casinos in Atlantic City. That goes without saying.

I would sum up gaming regulation this way: It's not

stated explicitly in my work in the report, but you have to understand that a casino is a complex financial institution through which flow vast sums of cash and cash equivalents. At all times, there is a public interest in knowing how much money there is, where the money has come from, where it's going, how it's going to get there, who is going to receive it and what share is due the government in percentage fees and/or taxes.

A proper regulatory system will monitor the private conduct of gambling to give a complete, accurate public accounting of all funds, assure the full payment of all public receipts from gambling, assure the integrity of the people and businesses engaged in casino gaming and ensure fairness to the public regarding the activity that occurs in casinos to produce the stream and movement of funds.

I had some additional remarks on the benchmarking sections. I think I will forgo those for the time so that you may move along.

**Mr Farrow:** Rowan Faludi is going to talk about the impacts on other forms of gaming which we looked at.

**Mr Rowan Faludi:** I'm a manager with the Toronto office of Coopers and Lybrand. As John mentioned, I'm just going to be talking briefly about the impact of casino gaming on some of the existing forms of gaming in the province. To keep things brief, I have an abbreviated format for my presentation. If there are any questions regarding methodology and so forth, you're free to ask them at the end.

This is one area that we found somewhat difficult to quantify. What we did in looking at other forms of gaming was undertook a number of interviews with organizations such as the Ontario Jockey Club, the Ontario Lottery Corp, the Ontario Racing Commission, bingo operators and the Ontario Agriculture and Horse Racing Coalition.

We reviewed an extensive number of reports dealing with the impacts in other jurisdictions such as Atlantic City, Connecticut, Minneapolis and Winnipeg. There were a number of surveys that had been commissioned by the casino project dealing with gambling habits in the province of Ontario. They also formed considerable input into our analysis. As Bill has mentioned before, we also undertook our own survey of high-stakes gamblers and we undertook a focus group. These are really the principal tools of our analysis.

I'm just going to briefly touch upon some of what the existing forms of gaming are and what their extent is right now. I think the current extent of recreational gaming in Ontario is roughly \$4 billion distributed among lotteries, horse racing, bingo, break-open tickets and charity casinos. The largest portion of that is lotteries, followed by horse racing, bingo, break-open tickets and charity casinos.

As you can see from the slide, lotteries are partici-



pated in by about 80% of the Ontario population. The other forms of gaming are somewhat less popular. As you can see, horse racing ranked second at 26%; bingo, 19% of the Ontario population participates; break-open tickets roughly the same and charity casinos, which are a new concept to Ontario; we estimate that only about 1% of the Ontario population is participating in those.

Basically, I'm going to summarize our conclusions. The table there lists each of the various recreational gaming opportunities. We've ranked them from greatest impact to least impact. As you can see, the greatest impact we feel is going to be on charitable casinos.

I'm not sure how many of you are familiar with this concept but, basically, it's a very low standard of casino gaming, offering only blackjack, wheels of fortune and break-open tickets. They are operated on a three-day licensing period, at a temporary location. They're held in places such as hotels, convention centres and shopping centres. The environment is very substandard by normal casino standards. We feel there'd be very little reason for these types of facilities with full-scale casinos. Their only function would really be to serve smaller markets that aren't directly accessible to the larger casinos. So, what we've identified here is: They could face possible elimination, at least in respect to the larger markets containing full-scale casinos.

Horse racing is, as we've indicated there—we're looking at about a 5% to 10% impact on total wagering. This is really based on an analysis of other studies and particularly, we've relied on Dr Hosios's work, who you just heard from. We feel his study is the only one that really focuses on the Ontario situation and looks at what the true employment picture is in Ontario and really looks at possible ways horse racing can mitigate the impacts of casino gaming.

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Following this, we don't feel bingo is going to be substantially impacted unless bingo is allowed in casinos. Bingo has marketed itself very much as a community event. It has a demographic profile comprising a large number of women, and the demographic profile for bingo is quite different than that of casino gaming. So we feel that bingos will probably not be significantly impacted unless bingos are permitted in the large-scale casinos.

Lotteries: Basically the Ontario Lottery Corp has been very successful in marketing itself very recently by the addition of new games, particularly their Sport Select, and every few years they introduce new games so that they're continually revamping their product and they've been very successful. In recent years they have undergone quite a substantial amount of growth. The impact of casinos, we say, will likely be to impair this growth, but we don't think it's going to really cut into lottery sales significantly.

Also, with lottery tickets, they're highly accessible.

There are 3,000 retail locations for lottery tickets. Basically, you can go anywhere and buy a lottery ticket; however, casinos are only going to be located in four primary locations and seven secondary locations, at least as a first start.

Finally, break-open tickets: In a manner very similar to lotteries, we feel they probably will not be impacted significantly.

**Mr Farrow:** I'm going to do the final part of the presentation on social costs, and I'm not going to use the slides, as I'm going to shorten it down somewhat.

As a result of the work we did here, we thought the area of study of problem gambling and pathological gambling was underdeveloped. It's not a well-studied area in terms of having lots of data and studies that one can go back and rely on. A lot of people have written about it and a lot of people conjectured about it, but they've gone back to a very few basic studies and they're very thin on the ground. That's the first thing. It's an underdeveloped area where there are a lot of opinions and there aren't a lot of hard data.

Secondly, I think I should say that there clearly is an issue, something concerning pathological gambling; it clearly is a problem for a number of people. We acknowledge that and recognize that this is something that is there and we believe, urge and recommend that recognition be given to this fact and this problem, that it is a problem that occurs.

Next we should point out that clearly the incidence of pathological gambling rises with accessibility. Obviously, if one's talking about casinos, one's talking about a new product and one is going to increase accessibility; therefore, one is going to expect some increase in the incidence of pathological gambling.

However, what we don't know currently in Ontario is the extent to which there is problem gambling going on right now as a result of people being involved in various legal and illegal forms of activity. There haven't been any studies done in a comprehensive and satisfactory way about that, and we think that's urgent and important if one's going to get a handle on this.

Another thing to point out is that the typical casino gaming patron, from a sociodemographic point of view, is highly educated, and it's higher than the average etc. It doesn't fit the image of the problem gambler, but it's an emotional issue, and obviously other people are drawn into these environments as well.

The next point is—we're really sort of jumping ahead to a recommendation here. We recommend that it be recognized, that it be planned for in advance, that we be prepared to respond to the problems that will occur as a result, and the problem is that there's almost nothing known about how to treat and what to treat. It's an understudied area and it's an area that we think needs to be studied some more.

Particularly important is that there is a need for information on the incidence right now within Ontario of pathological gambling. All the studies show or would suggest to us that right now, within Ontario, there's some sort of problem which we haven't acknowledged, and it's important to do that.

Secondly, we think there should be further study on how to treat it and then how to allocate the cost of that. Our recommendation in the report is clearly that the cost of prevention and treatment, which seems to be largely, all the suggestions are, springing out of education and regulation and guidelines—for example, a number of casinos now don't allow their employees to gamble because they're the people in some sense most at risk; they're exposed all the time. The cost of prevention should be borne by all forms of gambling, not just casinos, because it's a problem that's there right now.

In summary, it's a poorly developed area that needs further study. It's clearly an issue that's worthy of further study and we recommend that be done.

The measures we recommend are the ones that Carl said, about a firm regulatory environment; that there be instituted appropriate public education and prevention measures; that there be services established to treat pathological gambling where it's identified, probably integrate it into the local social service structure; that underage gambling be prevented; that there be a focus on the attraction of tourists rather than on attracting local residents; and that casinos should be located in urban areas which contain multiple entertainment options. We did identify in some jurisdictions that casinos were the sole form of entertainment in some of the more remote locations where problems could occur.

That's the end of our presentation. We have at least 20 minutes for questions. Only some team members have to leave at 4:30, Mr Chairman.

**The Chair:** Very good, and thank you very much, Mr Farrow. If we are to conclude at 4:30, that would allow about seven minutes per caucus.

**Mr Sutherland:** I just wanted to pick up a little bit regarding the comparisons with the horse racing industry, and we had Mr Hosios in before you. We've had a lot of presentations from a lot of different groups involved in the horse racing industry who have cited the New Jersey example, that casinos were the death knell or certainly played a significant impact on the horse racing industry there. I'm just wondering what degree of analysis was done of the New Jersey situation and whether anyone could give some comment to clarify what the impacts actually were in New Jersey.

**Mr Faludi:** We did review the report that dealt with the New Jersey situation and we felt that the impact of 12 full-scale casinos all in one location in Atlantic City was not directly comparable to the Ontario situation, where you've got four dispersed casinos. I think the

impact identified in the Atlantic City study was roughly 37% impact on horse race wagering. In that study they used a time-line sequence and basically it worked out to be about 2.9% per casino. Every time a new casino opened up it impacted on horse race wagering by about 2.9%. If you extrapolate that to the Ontario situation, I don't think it's directly comparable. You really have about four large-scale Ontario casinos; four times three is 12%.

**Mr Sutherland:** Just to add then, what about Manitoba, the situation there?

**Mr Faludi:** In the situation in Manitoba you also had video lottery terminals impacting and you're really only dealing with one race track in Winnipeg which is very close to the Crystal Casino. At the same time, you were also dealing with video lottery terminals, and I believe the impact in that study was roughly 20%.

**Mr Lessard:** One of your slides is called "Summary of Recreational Gaming in Ontario" and you talk about the percentage of the population that participates in lotteries and horse racing, bingo etc. What do you mean by participating? Is that people who have done those things once this year?

**Mr Faludi:** Basically those data came from a survey done by Insight Canada in 1992. They asked members of the population at large if they had ever participated in such-and-such event. They also dealt with the number of times. On the chart there, that would represent people who had participated in that event at least once.

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**Mr Lessard:** In their life.

**Mr Faludi:** In their life, yes.

**Mr Dadamo:** When Detroit in three years comes to be considering some of the games it may have and we may not have in the Windsor casino, will it be fiercely competitive? I've heard reports back home that they would complement each other. I'm not so sure about that. Can you comment on that?

**Mr French:** There's a lot of subjectivity to my response, the biggest one obviously being the timing. We had worked for the mayor four or five years ago in Detroit, when he was very aggressively proceeding with casino gaming, and it was fiercely defeated by the public-interest groups, as you know.

My sense is that it's going to probably be difficult for them to complement each other unless they have a completely different focus. Understanding the demographics of Detroit and Windsor, it's unlikely that you're going to be able to create a destination, some kind of a theme-oriented, potentially amusement-oriented casino. My sense is that the games may differ slightly—they'll have craps; we won't in Canada—but they will be competitors.

The feeling we have and all research indicates is that the market is significant. The captive market within 150



miles—and Dan alluded to the fact that we took a conservative approach—indicates in the stabilized year that there's potentially \$1 billion in win in that market. Now, if for some reason Detroit can effectively redevelop its waterfront to a higher degree, it may capture more than 60% of that market. That still leaves potentially \$400 million in casino wins for the city of Windsor. I believe what I repeated before, that the competitive advantage certainly is in first open, first up and running.

**Mr Farrow:** Could I add to that a couple of things to bear in mind that give Windsor some advantages? One is the Canadian dollar; two is the relative safety of the environment, and that came through; and three is the different tax regime here, the possibility of US citizens avoiding tax on their wins in the Canadian jurisdiction.

**Mr Dadamo:** But you talked about the environment, and I was born and raised there, so I know well that the environment in Windsor's a lot different than it is in downtown Detroit within minutes of the tunnel or the foot of the bridge. Will that environment be altered once the casino's full-fledged? Is that up in the air? Then we'll have the same kind of environment, which we don't want.

**Mr Farrow:** I'd suggest that you look at something like the Crystal Casino in Winnipeg, where, when you go there for the first time, it's hard to find where it is. I mean, it's stuck up on the—so I think the impact on the streets is going to be minimal. The strength of the Windsor community and infrastructure overwhelms that, and I don't think that you're going to see a negative impact at all. I think it'll be quite positive.

The situation we look at when we look at Atlantic City is that if we took 12 and we put them all together, it might be great for attracting tourists from Toronto but it's not the way to do community development.

**Mr French:** I think also that a lot of lessons have been learned from that Atlantic City experience. Hopefully those lessons will be taken hold of. In Atlantic City—and Carl knows; he was there as well—there was a lot of strategic planning, there was a lot of development planning that was done prior to the opening of the first casino.

Unfortunately, with the furore over the success of Resorts International, all the infrastructural improvements that were proposed, all the destination-oriented amenities that were anticipated never happened and all people wanted to do was open a 500-room hotel with a 60,000-square-foot casino. Hopefully, I believe that more experienced minds will prepare for the infrastructural issues, as well as the ancillary facilities that are necessary to make it a better destination.

**Mrs Mathysen:** Your suggestion that we need to do some work in terms of the problem gambler may be addressed. We do have a plan to develop a strategy to

address that, and I think that's important.

Obviously, the chart showing the amount of recreational gambling that goes on in Ontario suggests that gambling is very, very popular, and I wondered if you had a sense of how big the illegal market is and, secondly, if the entry of the government into controlled, regulated gambling is going to address that issue of illegal gaming and perhaps have a beneficial or more positive effect than some might lead us to believe?

**Mr Rutsey:** We have been advised by police authorities, and it's published, that their estimate is that \$1 billion was bet last year in Ontario on illegal sports bets alone and that there are approximately, I believe, 20,000 or 30,000 grey machines, VLTs, in bars, things of that nature.

It's our belief and feeling, after having spent some time talking with people who go into casinos, that all of these people know of the existence of these opportunities to gamble, and when you ask them, they all suggest that casinos in Ontario would cut down to a great extent on that kind of illegal activity.

Our information is from the police sources and the reaction we had from people who do go to casinos and will admit, in a room where no one is taking names, that they know where these games are, they know how to access them, and they certainly wouldn't be accessing them to the degree that they would if there were casino gaming here in Ontario.

**Mrs Mathysen:** Would regulated gaming mean greater safety for the customer?

**Mr Rutsey:** We believe it would, yes.

**Mr McClelland:** Sir, you indicated that you had relied significantly on—I'm sorry, I just drew a blank on the name: the gentleman who appeared—

**Mr Webster:** Dr Hosios.

**Mr McClelland:** Thank you. To what extent did you rely on and take into consideration information that was presented to you by Dr Glen Brown, for one, Mr Frank Drea, Rod Seiling, by way of example? I was just wondering in terms of the balance; you didn't say a bias but a reliance upon a particular document. I'm sure you've been monitoring this well so you would know that there has been some controversy, and I think that if some of those individuals were present they may take some issue with you with respect to the 5% to 10% impact. I don't think that can be resolved here and, quite frankly, I don't think I'm qualified to enjoin in any debate on it, but I'm just curious to what extent their views were incorporated into your findings.

**Mr Farrow:** I don't think anybody's views were incorporated into our findings as such. We apply the intellectual test and say, "Let's look at this and how do we analyse it, and let's look at each bit of analysis that was done."

I met with Rod Seiling, his US consultants, and other

members of his staff on three separate occasions, and we reviewed a stack of reports that either they'd commissioned or other racing commissions had brought forward from around the United States. We looked at some and said, "This is a good piece of work and analysis," and we factored that directly in or adjusted for the situation we saw here, and with others we said, "I can't see how they got here," and we couldn't get comfortable with it and we didn't use it. I can't specifically pick out which one was in and which one wasn't, but we looked at that whole thing and we looked at it very seriously. Our conclusion after looking at that was, as we mentioned to you, around—I'd be happy to go back, and have done with Rod already, and go through the various reports and comment on which ones found favour and which ones didn't, and then it comes down to a debate and argument about why.

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We're not wedded to any point of view around what's good and what's not and what the impact's going to be, and we made our best judgement on the evidence that was there, the way you're trying to do.

**Mr McClelland:** Yes, and I can only hope for the sake of the literally thousands of people who are concerned that the more modest projections of impact turn out to be prophetically accurate as opposed to the more severe, but I suppose that goes without saying.

I don't really have a question, and I want to say thank you to each and every one of you. The presentation did raise some questions that I would like to put to the parliamentary assistant and/or staff. The slide that indicated the potential impact on the gaming market indicated that charitable casinos would be possibly—I'm not sure whether I heard the word "probably" eliminated, but it's certainly written as "possible elimination." I wonder what, if anything, you're doing to mitigate that and deal with that, if you could let me know at some point in time, perhaps introduce that at an appropriate time, in the interests of the gentlemen who have to leave. I think it would be interesting to see what documentation has been commissioned by the ministry, if any has been done.

I heard from your colleague Mrs Mathysen that a plan to develop a strategy is in place. I'm not sure what "a plan to develop a strategy" means with respect to the whole issue of pathological gambling and social costs. We've heard from these gentlemen as well that it would be advisable to have some study undertaken. I guess the question is: Have you done it? Are you going to do it? If not, why not? If you are, when? Could you advise us of that accordingly?

If you'll allow me a personal indulgence, what are high stakes? I know I'm not a high-stakes gambler the few times I've been in the doors. I'm just curious, quite frankly. I don't know where that cutoff is—you referred to it from time to time—and how you measure that.

That's just as a point of interest.

**Mr Rutsey:** Actually, there's no numeric measure of that. What we consider to be a high-stakes gambler would be someone who would be treated in a complimentary fashion by the casinos in either Atlantic City or Las Vegas, so what we started with were the lists of people who were given complimentary or VIP treatment. These are the people who go to casinos quite often with relatively large gambling budgets, make multiple visits and play the higher-limit games.

**Mr McClelland:** Out of a population of 100 potential gamblers, how many gamblers would fit that category? Do you know? Secondly, how important are they to the viability, the key being that you've got to attract that segment of the gambler?

**Mr French:** That segment is extremely finite. I'll give you an opinion and my guesstimate. In Atlantic City, for example, I would say that 90% of the people who patronize the 12 casinos are day trippers. They would not be characterized as high-stakes gamblers or high rollers. They generally spend probably about \$40; I think it's \$37 per visit. Probably anywhere between 1% and 3% of the gambling patrons in Atlantic City might be considered high rollers, high-stakes gamblers who would get complimentary privileges, would have a credit rating with the casino and would be able to gamble on credit. That number is, I would say, probably maybe 20% or 15% in Las Vegas and Reno, but the impact of a high-stakes casino player can obviously be material, particularly if he's lucky. The casinos in Atlantic City, for example, have had weekends where a high roller may win \$5 million, and that can have a material impact on that particular weekend. For the most part, they typically lose more than they win.

**Mr McClelland:** The issuing of credit is essential, I understand, from the perspective of good marketing, to be competitive in the industry. Does it present some problems as well?

**Mr Zeitz:** That is covered extensively in New Jersey's statute and regulations, and I'll give you some examples. I sat on hearings when I was put on the commission to change those regulations. For example, you must provide a detailed application to the casino. They have an affirmative obligation to check and verify the employment and financial information that's presented to them. There are statutory rules for the collection of the gaming debt. I don't remember the precise holding periods but, for instance, I think if it's \$1,000 or less, it has to be collected at the end of seven days, up to \$5,000 I believe was 14 days, and for anything above \$5,000, the casino at the end of 45 days had to collect, which meant it takes what's commonly called in gamblers' parlance the marker, and in our regulatory vocabulary it's a counter cheque. They take that, which you've endorsed, if you haven't already paid it down and retrieved it, and they deposit it against the accounts



you've given them on your application. A major control we have in our law in New Jersey is that only a licensed employee or an attorney can collect a casino credit debt, which is to ensure against the kind of horrors that you've heard in the ancient literature.

**Mr Eves:** I'd like to touch on the issue of the effect that casinos in the province of Ontario may have on charitable casinos, their possible elimination, because we have had a few witnesses appear before the committee. Yesterday or the day before we had the B'nai Brith Foundation in Toronto, which currently raises—I was astounded—some \$4 million a year with charity casinos. What is the impact on charitable organizations such as theirs going to be, in your opinion?

**Mr Faludi:** As I indicated previously, from a casino patron's point of view, there's very little interest in going to a substandard casino if a full-scale casino is readily available. We have had some evidence from the charitable casinos that a number of their patrons may be more interested in going to the charitable casino only because they know the money is going to charity; for example, people who belong to B'nai Brith and their friends and so forth may patronize those casinos. But as a general rule of thumb, it would appear as though there's not much potential for this type of product in a major market served by a major casino.

**Mr Farrow:** In terms of charitable casinos, we'd agree with the comment you heard that it would have a big impact, and the closer those charitable casinos are physically to an existing casino, the greater the impact. That's our conclusion.

**Mr Rutsey:** We did, however, interview casino operators in British Columbia as well, where charitable casinos are operated in a similar fashion. They suggested that they thought charitable casinos could continue to operate in some markets and perhaps even in larger markets, given the fact that the atmosphere is less intense, the games are limited, a perhaps slightly friendlier environment, as far as they're concerned, and that the proceeds were going to some good work. That might be a little speculative, but there are people within that industry who feel they would continue to be able to be successful, even in a larger casino market area.

**Mr Eves:** The other issue I wanted to touch on briefly was the effect on the horse racing industry. I think there's not much more to be said. Everybody's talked about the various and in some cases conflicting reports or studies about what the impact could be or would be. We've had the Christiansen/Cummings report and Price Waterhouse. The Standardbred Breeders and Owners Association presented a report here the other day; the Canadian Thoroughbred Horse Society introduced one. We have your report. We have Dr Hosios's report from the University of Toronto. The Canadian Thoroughbred Horse Society outlined the impact in Manitoba, and that's been explained to a certain degree;

it indicates that the decrease in wagering at Assiniboia Downs was in the neighbourhood of 40%, and somebody indicated that there are VLTs in that mix, which perhaps we won't have here.

I'd like your comments about VLTs, because we've had directly contradicting points of view on that issue, quite contradictory. We've had several witnesses who said, "Absolutely not, under any circumstances, and don't include that in the mix with Bill 8." We've had others who said, "Oh, yes, we want them in every liquor-licensed establishment in Ontario." I think that has to be thrown into the mix as well.

But regardless of who is more accurate in their projection about the impact on the horse racing industry, I think it's fair to say that there will be an impact, ranging—a pretty broad range—anywhere from 5% to 50%, which are pretty divergent points of view. I thought perhaps one of the best suggestions came from the Standardbred Breeders and Owners Association, who suggested that if you take all these figures, perhaps a 20% compromise figure might be a more effective way of arranging what the impact may be.

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Be that as it may, whatever the ultimate figure is, should the province consider adjusting its parimutuel tax? I don't know if you've looked into that issue or not, but we've also had a very divergent point of view about what parimutuel taxes are. I realize there are different ways of calculating them and there are rebates in some jurisdictions and there aren't in others, but many people representing the horse racing industry presented to us that the rate in New Jersey, for example, is one tenth currently of what it is in the province of Ontario, that is, 0.5 of 1% as opposed to 5.0%. I thought I'd like to get your comments on that.

The last thing I'd like to touch on is that I take very seriously the comments that were made about having in place a very stringent regulatory system. New Jersey was alluded to, and perhaps it is the best example; I don't know, I'm not an expert in the field. But as my friend Mr McClelland pointed out last week when we were in Windsor, there was an article in the Wall Street Journal where the New Jersey commission had licensed somebody and within a matter of days that individual was forced to retire because of their potential connection with an undesirable element, for lack of a better description.

I think that is going to be crucial to whether or not the casino project or projects in the province of Ontario operate effectively and whether they're successful.

I realize I've touched a lot of bases there. I wouldn't mind if you would just comment on a few of them.

**Mr Farrow:** I got three things, really: VLTs, horse racing and regulation.

First of all, with respect to VLTs, if you think about

introducing casino gambling into Ontario in a way which benefits Ontario best, you're looking at focusing it and concentrating it in casinos. Our objective is not to get Ontarians to gamble more. Our objective is to get more tourists and more tourist dollars; that's our objective. Therefore, I think the idea of focusing and concentrating in casinos is the right one, and VLTs, which are spread around generally, are not the way to go, from a strategic point of view. When you read our report, we're very much thinking about the strategy of how to do it best in Ontario. That's the first thing.

I'll deal with the regulation, then I'll make a comment about horse racing and turn over the balance of the answer to that question to Rowan.

First, about regulation: We've got a different society here. In some respects, I think in the public sector we run our affairs better than they might do in Atlantic City, notwithstanding what Mr Zeitz thinks—now that he's left—and we can also learn from their experience. Yes, they've made some mistakes, and what you've got to do is make sure you learn from that and introduce regulation that doesn't.

If you look at what happened in Atlantic City, they set up a rule and everybody could go. You could have one casino successful with a hotel, and then you had 11 more. The steady hand of government is more firmly on the tiller here and I think will prevent that sort of thing, to ensure you don't get the adverse effects and you maximize the benefits. I think we should look at that issue of regulation and guidance very carefully and learn from their mistakes and not do what they did. That's the second thing.

The third thing, with respect to the horse racing industry, and it's always difficult to look at the impact, is that we are offering a new gambling product to Ontarians and to people close to Ontario and it's obviously going to impact adversely here, and that's the first thing I would acknowledge. One of the things that concerns me when you look at all of the reports, though, is that they assume the horse racing industry is a stable industry. In fact, I think one could argue that it may have some difficulties already—it is a very complex and difficult thing for people to come to grips with—and therefore you've got to discount some of the impact, because I think the declines in Manitoba may have occurred anyway. When you look at jurisdictions where new gambling product was not introduced, you also see a decline in the attendance at the track as well, so you've got to allow for that. That's one thing: You can't take the horse racing industry as being a stable industry. It's already faced competition from the Blue Jays, the Phantom of the Opera, and this is just going to be another problem it has to deal with.

**Mr Faludi:** Yes, I do. As John indicated, I think you all heard that horse racing is a declining industry across North America, both in terms of wagering and in terms

of attendance. Sports attendance in various sporting activities can be very cyclical. Twenty years ago, basketball was on its deathbed, and through a new marketing strategy, the National Basketball Association has basically taken itself to the top of the four major sporting events. Horse racing is in the same situation; it's really got to look at a way to market itself in order to compete with all these different types of products.

In terms of the parimutuel tax, when the tax was conceived, horse racing really benefited from somewhat of a monopoly environment. You didn't have the same extent of lottery ticket purchases and casinos were way out of everybody's mind. So maybe it is time to consider modifying the tax. We haven't looked at that specifically, but certainly the things that guided that tax in the first place are not prevalent today.

**Mr Rutsey:** Another thing we thought around that is the introduction of teletheatre wagering in April 1992. The Ontario Racing Commission believes and estimates that, properly instituted and managed, perhaps the handle for horse racing in Ontario could double. That might be a little speculative, but it seems to us or to me that teletheatre wagering really hasn't gotten off the ground perhaps in the way that it should or could. There's a deal on the table with ITT Sheraton; perhaps that will start the ball rolling and get that moving again. Simply, what they've got to do is create opportunities for people to be exposed to and experience their product more often than currently exists.

**The Chair:** Thank you, to all the representatives of Coopers and Lybrand who are still here, for presenting today. Mr Farrow, perhaps, on behalf of the committee, you could thank those who had to leave early.

**Mr Farrow:** I certainly will. Thank you, and thank you for your good questions. We do appreciate it.

**The Chair:** Before the committee members depart, Mr Duignan wanted to respond to some questions Mr McClelland had posed to him.

**Mr Duignan:** I will respond to the number of questions raised by Mr McClelland in written form to the committee in a couple of days, possibly early next week. At this point, I think that's the best way to do it.

**Mr Eves:** I've talked to the parliamentary assistant directly; I just wanted to clarify for the record. I talked about the availability of Dr Hosios's report earlier. I talked to both individuals who went to the briefing meeting, and neither one received a copy of the report. I do understand, however, that Mr Alfieri undertook to provide a copy of the report. That has not been done, to the knowledge of the two individuals. They've never received one and certainly I haven't until today.

**The Chair:** Thank you, Mr Eves. That's noted.

The committee is adjourned until 9 am, Monday, August 30, in Sault Ste Marie.

The committee adjourned at 1640.



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# Official Report of Debates (Hansard)

Monday 30 August 1993

# Journal des débats (Hansard)

Lundi 30 août 1993



**Standing committee on  
finance and economic affairs**

**Comité permanent des finances  
et des affaires économiques**

Ontario Casino Corporation Act, 1993

Loi de 1993 sur la Société  
des casinos de l'Ontario

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## STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Monday 30 August 1993

The committee met at 0904 at the Water Tower Inn, Sault Ste Marie.

## ONTARIO CASINO CORPORATION ACT, 1993

LOI DE 1993 SUR LA SOCIÉTÉ  
DES CASINOS DE L'ONTARIO

Consideration of Bill 8, An Act to provide for the control of casinos through the establishment of the Ontario Casino Corporation and to provide for certain other matters related to casinos / Loi prévoyant la réglementation des casinos par la création de la Société des casinos de l'Ontario et traitant de certaines autres questions relatives aux casinos.

**The Chair (Mr Paul R. Johnson):** The standing committee on finance and economic affairs will come to order. This is our first and only day in Sault Ste Marie and it's a pleasure to be here. It's nice to be in your home town, Mr Martin.

**Mr Tony Martin (Sault Ste Marie):** Yes, it is, and thanks for recognizing the fact that it is my town. I'd like to—although the mayor's going to do this more officially in a minute, I'm sure—welcome you to Sault Ste Marie and thank you for coming.

It's always great to have members of the Legislature in the Sault to see what a wonderful community we have and to hear, from people like the group you're going to hear from in a minute, how excited we are about some of the initiatives that are out there now, that we perhaps will be able to take advantage of in the not too distant future to better our economic position.

Welcome to everybody. Thanks, Paul, for allowing me to do that.

## CITY OF SAULT STE MARIE

**The Chair:** Our first presenter is Mayor Joseph Fratesi. Obviously you've brought some other individuals with you. I'll ask you all to identify yourselves for the purpose of the committee members and for Hansard. You have 30 minutes within which you can make your presentation and maybe leave some time for questions from the committee members.

**Mr Joseph Fratesi:** Mr Chairman, accompanying me this morning are Mr Lorie Bottos, who is the city solicitor, Mr Bruce Strapp, who is from our economic development corporation and who will do a further presentation, and Mr Robert Kates, who is superintendent with the city's police department.

To pick up where Tony left off, on behalf of the citizens and the council I welcome the standing committee to our community to discuss an issue which has been the talk of this town for at least 18 months. I appreciate the opportunity to make a presentation to

someone from government who's prepared to listen to what Sault Ste Marie wants to say about casinos and the possibility of one in our community.

You no doubt know that this is an issue which requires much thought and consideration, and this is something that has already been done in Sault Ste Marie over the last 18 months. The corporation of the city of Sault Ste Marie has experienced the impact of a serious cross-border shopping problem, but more important than that, cross-border gaming activity for quite some time, more than 10 years as a matter of fact.

While we have seen the benefits of this activity go to our sister city of Sault Ste Marie, Michigan, we continue to have some difficulty in having a casino located in our community, even though all the good that we see already happens in Sault Ste Marie, Michigan, and any negative that some might suggest flows happens in our community as well.

We know that not 100% of this community supports the notion of a casino for our community, but I would suggest to you that 80% of this community is certainly behind the efforts of city council to have one established here. Shortly after government announced the issue of casinos in the 1992 budget, Sault Ste Marie publicly supported the move by the government and requested that we be considered as one of the first sites, if not the first site.

We have full knowledge of how a casino works and what impacts there were for communities because, as I indicated earlier, we have one that operates in our community. It just happens to be three miles away on the other side of the bridge, but very accessible to all of our community.

On May 4, 1992, our community passed a resolution which indicated that while the province was planning to go ahead with the establishment of casinos in designated areas of the province, and whereas Sault Ste Marie, at that point in time, was rumoured to be one of the designated communities, city council was asking our solicitor to contact provincial officials so that we could get further information so that council might consider creating a committee that would liaise with the provincial government and the community at large to ensure that the proposed casino meets the expectations of the community and the citizens of this community as well.

What we wanted to do was to put our own casino team together and we wanted to do our own assessment of the good and the bad of a casino in our community. The resolution went on to request that the city solicitor contact provincial officials so that we would get enough



information to create this committee that would both do the investigation and liaise with the provincial government to ensure that a proposed casino in our community met with what we expected it might.

On May 11, the city solicitor wrote to the Honourable Marilyn Churley and the minister responded to the city solicitor with a letter on June 11.

On June 16, 1992, Frank Sarlo, the then chairman of the Sault Ste Marie Economic Development Corp, wrote to the same minister proposing Sault Ste Marie as a pilot site, because what was coming out of government, at least in an informal way, was suggesting that maybe there would be pilots—I stress the plural pilots—and we were suggesting that Sault Ste Marie would be a good location for one of the pilots. That letter also suggested that the economic development corporation might operate that pilot, being a crown corporation already in place that had the confidence of all Ontarians, we believed.

On July 23, the minister responded to the proposal, and you've got that attachment—not very good news. On September 29, 1992, the same minister held a municipal consultation process and invited just about all of the province to attend. We felt one of a number of people and we felt that Sault Ste Marie, which was a cross-border shopping city with a cross-border shopping problem, one that had been touted as perhaps one of the pilots, was being lost with just about everyone else in this process. Mr Strapp attended on behalf of the city and the economic development corporation and came back somewhat disappointed and disillusioned.

In October 1992 I wrote to the Premier concerning the process and expressing our concern and expressing concern about the criteria that the ministry had initially established.

On October 6, 1992, the only reply I've received from Marilyn Churley, even though I've been asking for meetings with her to get a handle—I know Tony's been attempting to assist to get this meeting so we can establish some ground rules. The only response we received from Marilyn Churley was a copy of the press release announcing Windsor as the site for the province of Ontario. I'm sure you can imagine what we felt like in Sault Ste Marie. I used the expression at a council meeting and I'll use it again: We felt somewhat like the jilted boyfriend.

On May 5, 1993, Bill 8 to establish the casino corporation was presented to provide the control of casino operations throughout the province. First reading was held, and it's this reason that the committee is now travelling, to see whether or not improvements can be made to the bill.

0910

The council of this city has supported the idea of casino development in our community right from day

one. We now have the negative impacts because of the easy access that our residents have to Vegas Kewadin, which is located on the first nation territory as part of the city of Sault Ste Marie, but we only gain minimal tourism spinoffs.

Sault Ste Marie's tourism industry employs about 7,000 people out of our total population of 81,500. Our tourism infrastructure consists of several attractions, including the ACR tour train, which attracts more than 100,000 visitors per year, and there are 1,300 motel and hotel rooms in our community, numerous restaurants and a large inventory of retail space with high vacancy rates as a result of cross-border shopping activity. You can compare this to Sault Ste Marie, Michigan, a city of only 14,700, having the same 1,300 hotel rooms.

The Straits of Mackinac area has a small native gaming facility as well. The Straits of Mackinac area is just south of the city of Sault Ste Marie, about 50 to 60 miles. It has 1,750 rooms in St Ignace and 1,200 rooms on Mackinac Island. There's very little population surrounding those hotel rooms.

The city believes that a casino can have a positive tourism impact in our community and it will provide additional activities for tourists while they're here in Sault Ste Marie.

The Sault, Michigan, casino has had positive increased employment and decreased unemployment. Revenues from the casino have provided housing and medical facilities on the reserve. These revenues have also aided in economic diversification efforts outside of the casino gaming operations.

Ontario's restrictive position on casino development creates a situation where the flow of Canadian dollars from gambling and cross-border shopping goes right into Sault Ste Marie, Michigan, on the American side.

The profits of the casino gaming operation in Sault Ste Marie, Michigan, are estimated to be anywhere from \$30 million to \$80 million US annually. These are the profits we're talking about. This means gross gaming revenues of anywhere between \$150 million and \$1.6 billion US annually, depending on whether the profit margin is 5% or 20%, as indicated in the *Forbes* magazine issue of March 1, 1993, attached.

The number of jobs created by gaming activities in Sault Ste Marie, Michigan, is reported to be 1,500. Let's not forget we're talking about a community of 14,700 people that employs 1,500 in its casino. As we speak, not only do the walls expand but so does the employment expand in that casino. Spending on goods and services could range between \$30 million and \$1.07 billion US in this casino.

No matter how you cut it, the Vegas Kewadin casino in Sault Ste Marie, Michigan, has added jobs and profits to the economy of Sault Ste Marie, Michigan, and has enabled it to cut its unemployment rate in half. The

economy of Sault Ste Marie, Michigan, has flourished with gaming and cross-border shopping revenues, while the economy of Sault Ste Marie, Ontario, has continued to languish with increased unemployment and a decline in the commercial tax base.

Why does Bill 8 set up a separate casino corporation when other provinces, namely, Manitoba and Quebec, designated their lottery corporations to regulate and operate gaming in these provinces, which is something that we have been promoting for some time? We already have a crown corporation. It's already in the biggest game in this country. It already has the respect of Ontarians. It already has the head office in Sault Ste Marie. Why can't it just have another administrative branch?

The city wants to join with the province to provide a well-regulated gaming environment that diversifies the tourism industry and provides revenues for the province of Ontario. That's initially why the notion of casinos was first announced: revenues for the province of Ontario and assistance for communities like Sault Ste Marie that had significant cross-border shopping problems. The city believes that the casino gaming development can be controlled and well-managed. The gaming industry can provide a positive force, provided that a regulated environment is a priority along with gaming profits.

The city believes that Bill 8 should be amended to provide for the Ontario Lottery Corp, or a subsidiary, to manage and regulate gaming operations in the province. The benefits of having the Ontario Lottery Corp operate the casino in Ontario are as follows:

—You can minimize the potential for criminal involvement. The Ontario Lottery Corp would reduce that possibility.

—Acceptance by the general public: The Ontario Lottery Corp has a highly regarded public reputation. It has a good reputation throughout the whole of the world. This reputation and goodwill are commodities that would ensure high levels of public trust and confidence that a new corporation would have to build from scratch.

—Administrative and operational efficiencies: The Ontario Lottery Corp has marketing, security and administrative resources that can be adjusted to suit a casino gaming operation. In addition, administrative support services and a province-wide network of support services to provide an expanding base of casinos make it even more ideal. This is of even greater importance if the province moves into video gaming operations, similar to other jurisdictions at some future time.

—The Ontario Lottery Corp has experience in gaming operations and security. It has a province-wide network of facilities that are well-suited to expansion to gaming facilities.

—A new corporation would add administrative overhead, and that reduces government profits from any casino operation. The Ontario Lottery Corp could run the operation because it is secure and it has experience. It would also be impacted by loss of revenue when casino gaming is permitted within the province, if the US experience is any guide.

There's been an interest in the first nations gaming operation in Sault Ste Marie. The Garden River Band has done some preliminary investigation of a gaming facility. The city is interested in cooperating with the local first nations. We are prepared to cooperate because initially there would not appear to be a market for two casinos in Sault Ste Marie, Ontario.

A first nation/province/city venture might provide a model for other communities and prevent first nation groups from going it alone and avoid a constitutional challenge to provincial regulation of gaming on first nations territories. A three-way arrangement might provide a means of the city funding extra police and social services costs which would be required to service the influx of visitors and employees.

Sault Ste Marie is a border community that is very interested in a site for a casino. Our municipal council was the first council in Ontario to pass a resolution supporting this initiative, the very first council in all of Ontario.

Six hundred thousand American tourists visit the Sault Ste Marie, Michigan, area and do not cross over into Canada. A first-class casino in Sault Ste Marie, Ontario, would promote tourism and would attract American tourists across the border into Ontario.

We've recently been provided with a copy of the report to the Ontario casino project that was prepared by Coopers and Lybrand. The conclusions of this study are particularly disturbing to me, for several reasons. First of all, it seems that northern Ontario should have several casinos, very small casinos.

The whole notion of casino gambling was announced in the budget—and I happened to be sitting in the Legislature during that budget—in the same breath as cross-border shopping problem solutions. I can't see that Thunder Bay has the cross-border shopping problem that Sault Ste Marie has and I can't see that the city of Sudbury is anywhere near an American border. Secondly, casinos that are so small as to not be able to compete with casinos in the American city might not exist at all to be beneficial.

The conclusions of this study are particularly disturbing for those reasons. I am given cause to wonder why the Sault is now lumped in with Sudbury and Thunder Bay. The study seems to have operated from the premise that Thunder Bay and Sudbury would have a casino as opposed to coming to that conclusion, and that disturbs me.



If the purpose of casinos is to tap local gambling revenue alone, there is minimal impact on the local economy with a small casino. The original proposal to have a casino in Sault Ste Marie for all of northern Ontario and parts of the Midwest United States makes sense. A small casino of 10,000 square feet cannot compete with a casino that is already 75,000 square feet in Sault Ste Marie, Michigan, and continuing to expand, as I indicated earlier.

A casino in Ontario must have a full range of gaming activities including slot machines, video poker and craps tables in order to compete with unregulated gaming on the American Indian reserves. A series of casinos throughout northern Ontario would marginalise gaming activity and reduce the strategic impact that one large casino could have. If the casino were built in Sault Ste Marie, the potential market population would be increased significantly. The tourist market in Sault Ste Marie is twice the size of Thunder Bay's and three times the size of Sudbury's, as is evidenced by the same consultants' report on page 12.

0920

The potential growth in Sault Ste Marie is significant because of our existing tourism base, the existing casino in Sault Ste Marie and the ease of access to northern Ontario and Midwest United States tourism markets. As I indicated earlier, I was in the Legislature when mayors from border communities sat and listened to the Treasurer announce casino gaming, sports lotteries and teletheatre betting, the purpose of which was to boost tourism and employment and to deal with cross-border shopping problems. Please stick to your word and work with us to implement the promise of jobs and increased tourism in Sault Ste Marie.

In conclusion, the city of Sault Ste Marie wants to join with the province to provide a well-regulated gaming environment that diversifies the tourism industry and provides revenues to the province. The city believes that casino gaming development can be controlled and well managed. The gaming industry can provide a positive force, provided that a regulated environment is a priority along with the gaming profits. We have consistently stated that the city did not want a piece of the action and that we would fund all of the responsibilities through increases in our assessment and commercial tax base. There is a broad level of public support for the stand taken by our municipality. This support is not unanimous, as I indicated earlier, but we believe that we can handle the positive and negative effects of casino gaming operations in our community.

The city believes that Bill 8 should be amended to provide for the Ontario Lottery Corp or a subsidiary to manage and regulate gaming operations throughout the province. It has an experience in gaming operations and security. It has a province-wide network of facilities that are well suited to expansion of gaming facilities.

The estimates of cross-border shopping losses in 1989 in our community were \$104 million, resulting in lost income of \$141 million and job losses of over 1,000. Since that time, major retail expansions in Sault Ste Marie, Michigan, have occurred and the job picture in Sault Ste Marie has gotten worse. The economy has been battered by economic restructuring, cross-border shopping and gaming and now the social contract and provincial government downsizing.

I've provided to you tables which compare the unemployment rate for July and the percentage on general welfare assistance for May in some of the communities suggested for gaming operations. You'll note that in Thunder Bay the unemployment rate is 12.2%, in Sudbury it's 9.7%, Windsor 12.1%, Toronto 12.5%, the city of Sault Ste Marie 16.9%. Those on general welfare assistance: Thunder Bay 4.3%, Sudbury 7.08%, Windsor 6.52%, Toronto 9.42%, the city of Sault Ste Marie 10.18%.

I don't know that I have to convince anyone more than providing those stats of the need to provide employment in this community and to talk about opportunities that do that.

Sault Ste Marie wants to see the positive tourism impacts of casino gaming added to our strong tourism industry. Because of the presence of the Ontario Lottery Corp and the different physical and social circumstances, we don't think we should have to wait for the completion of the Windsor experiment to implement a casino gaming operation in our community. We don't think you're going to learn much from what happens in Windsor, based on the fact that it relies on the big city of Detroit and all that stands for, for anything that would be of any benefit to any other gaming operation throughout the province of Ontario.

The city of Sault Ste Marie is ready, the city of Sault Ste Marie is able, the city of Sault Ste Marie is willing, and we would like those who run this province to consider Sault Ste Marie now for a casino operation. Thank you for your attention.

**Mr Carman McClelland (Brampton North):** Mayor and delegation, thank you for your hospitality, your fine city. It's always a pleasure to be here.

Mayor, right at the start I want to say thank you for your suggestion with respect to first nations. It has obviously been an issue that has come up. There have been a lot of questions asked, and to my recollection this is the first time we've had a suggestion, and it's an intriguing suggestion in terms of a joint venture type of model. I want to thank you for that. It's something we can certainly turn our minds to and give it some further thought and consideration. I just want to express my appreciation for a positive suggestion.

I'm intrigued and somewhat interested in two points. You say the city is willing, and that's certainly in terms



of your responsibility as the leader of the town council. How would you respond to a suggestion that cities and communities across the province that are interested should or would be advised to include a referendum in the election coming in 1994 so that there is a sense of certain community to community?

Secondly, the other point you raise by way of conclusion is that the city is not necessarily interested in a piece of the action. Your friends and counterparts from Windsor certainly are interested. It was noted that there is no jurisdiction anywhere in North America that we are aware of where the city doesn't get some direct benefit to offset—

*Failure of sound system.*

**Mr Fratesi:** The city of Sault Ste Marie has established right off the bat that if employment were provided and assessments were provided to our community, unlike our counterparts in Windsor, we are not looking for a piece of the action. We are satisfied that the importance to employment and the importance to assessment and the taxes that are generated would very handsomely offset some of the other things that we have to deal with. We think we are dealing with them now, in any event, because there is a casino, as I indicated, a 75,000-square-foot casino, operating in Sault, Michigan. So we don't know that there will be much more to deal with. Certainly unemployment brings with it the kinds of things you have to deal with, and we think it would offset that as well some of the other things.

So we're not so much concerned about getting a piece of the action. If the province wants to give us a percentage, that's fine. We're not insisting on it, and that has to be an attraction to the province if revenues are what this is all about.

Secondly, with respect to the issue of referendum, I started off by saying that the notion of casinos has been the talk of the town. We've had several council meetings and we've had several groups come forward. As I indicated, I would be lying to you if I said everybody in this community favours the casino. We know there are groups that don't favour casinos and we know there are groups that won't come forward, because of political considerations, to do either.

I'm convinced and prepared to risk my political neck. I've been the mayor for eight years and I'm prepared to risk my political neck, without a referendum, and have the next municipal election ride on this notion that I've been harping about for the last 18 months. But I would be quite prepared to put the issue of casinos on a referendum, because I'm convinced that 80% of this community would be quite prepared to take on the good and the bad that comes with a casino, because we're convinced that if there is bad it's already at work here, and there's lots of good because we see it happening right now in the Michigan Sault. We're not at all concerned about what our public thinks and we're

prepared to put it to a referendum if the province thinks that's the way it should go.

**Mrs Margaret Marland (Mississauga South):** It's a very comprehensive brief and I congratulate you on it.

I'm interested in the comments you had about dealing with the current government, from the perspective that you mentioned letters you had sent to the minister, Ms Churley. Also, in reading your attachments, I see you've written to the Premier as well. Have you actually asked for meetings and you haven't been given that opportunity? Are you still waiting for even acknowledgements to your letters?

**Mr Fratesi:** Yes, I've been waiting for acknowledgements from Ms Churley. I've been waiting for a meeting. Tony has been trying his hardest to get a meeting. What I really wanted was to get her here to show her how the one in Sault, Michigan, operates so that she can see how a properly regulated casino can boost a community. To date, and I've said this publicly, we have not had the courtesy of a reply or the courtesy of a meeting.

This notion of a joint venture with the first nations is something that we want to pursue, but we're not going to spend all sorts of time coming to an arrangement that might not get the blessing of the government anyway. We wanted to sit down with Ms Churley and try to get a feel for whether or not that would improve or enhance Sault Ste Marie's chances at getting its casino operating sooner as opposed to later. But to date, we have not had a reply, and we've not had the meeting that we've been asking for. I can't understand why.

0930

**Mrs Marland:** It's rather surprising that your municipality is being considered and you're not even able to get a meeting with the minister. It's also interesting, I think, that the minister isn't interested in your invitation to the one in Sault, Michigan, because I know that I have heard the minister say that she'd never been in a casino. I don't know whether that's changed in the last six months, but I certainly recall the minister saying that in the House in answer to one of my colleagues' questions, maybe even Mr Carr as our critic for Finance.

What leads from my question is the fact that if you were selected as a location, in the absence of any meetings with the people at Queen's Park, one of the things you might be interested in is having some input into the selection of the proponent for the operation of that facility in your municipality.

**Mr Fratesi:** Absolutely. I go back, though, to the proposal of the city, which is to allow an already existing crown corporation to operate it so that we can get beyond assessment of a proponent. But if the province is not interested in having an existing crown corporation operate it, certainly the city of Sault Ste



Marie would want to be very much a part of the assessment of proposals.

**Mrs Marland:** Good luck with your contact with the government.

**Mr Martin:** Thank you for a well-developed and well presented presentation. I certainly have made efforts with you to get a meeting with the minister. Although I know that responses have been made to letters, we haven't been successful in a meeting, and the reason I'm getting is not to give communities any false sense of hope until the pilot project is sufficiently analysed, and then we can move forward with the plan; that we have to do this cautiously and carefully. I'm sometimes as frustrated as you are, but I think it's important as well, in light of the concern that is out there in the province around us introducing this initiative, that we do it cautiously and carefully.

I've been travelling with the committee since it began, and certainly on every occasion that I get have reminded people wherever that Sault Ste Marie is interested in a casino and have made our case as much as I can.

Also, I asked one of the officials on the casino project team if, given the context within which the casinos will move forward in this legislation, there could be something done that was sort of made in Sault Ste Marie if we decided to go ahead here. You mentioned this morning, and so did I earlier, the idea of a cooperative venture with the native community, which I think has some tremendous potential. Other than the suggestion that you made re the lottery corporation being the operator, what would you see as the pieces that would fall into place here that we would use to have that happen, Joe?

**Mr Fratesi:** If it weren't a crown corporation?

**Mr Martin:** Yes. What would be unique about Sault Ste Marie? Is there anything different that we would bring to it, that we would do differently here as opposed to what you're seeing happening in Windsor?

**Mr Fratesi:** Again, I don't know that anyone should compare Detroit, which has the reputation of being Crime City, USA, being the market for Windsor, with a casino operating in the city of Sault Ste Marie, which relies on tourism and gains people from all over. Your typical gambler from Detroit going into Windsor will not be your typical gambler travelling on a bus with a bunch of other folks up to Sault Ste Marie for several days of casino on both sides of the river. I don't know that Windsor and all of the safeguards that probably will have to be built into that one is what would apply here. That's why I have a problem waiting to see what happens in Windsor, because what happens there will have no bearing on any other casino anywhere in Ontario.

The city of Sault Ste Marie is the only community of

any significant size—the only community at all, I should say—in all of Ontario that has a casino operating in a sister American city that's two or three miles away.

I come back to a crown corporation. If this is all being done in the name of revenue for the provincial government, the province should run the game. Take away any notion about their being organized crime involvement and abuse. If it's not the Ontario Lottery Corp, it perhaps should be another crown agency, but it should be regulated by the provincial government. The private sector should be involved in terms of providing the facility, maybe being the landlord, maybe being an operator or contractor, but the provincial government remaining responsible as the operator.

**The Chair:** Mayor Fratesi, thank you very much. We're well past our allotted time, Mr Martin.

*Interjections.*

**The Chair:** We have agreement from the other committee members, Mr Martin, so you've got the time.

**Mr Fratesi:** You're a tough Chair.

**Mrs Marland:** Just get the minister to acknowledge their letters.

**Mr Martin:** I appreciate the time.

**The Chair:** I just remind you that we have other people waiting to present, that's all.

**Mr Martin:** Yes. Joe, the issue of crime and that kind of thing is one that was raised over and over again in Windsor and in Toronto. We know from across the river what that scenario's been like because we hear, we're close, we see the media and all that. I'd like you to respond to that and to share with the folks your understanding of what's happening.

The other thing is, before I lose my opportunity—

**Mr Fratesi:** It's okay. We're used to Tony in town here.

**Mr Martin:** The mayor and I and the chief of Garden River and the economic development corporation have extended an invitation to all members personally to come over and have a look at the community of Sault, Michigan, and what the casino has done for it, and the casino itself this evening. I hope you will positively respond to that so you can see that.

**Mr Fratesi:** Some 75,000 square feet, 1,500 employees, attracting people from all over the upper United States.

You can talk to the chief of police of the Michigan Sault, you can talk to the mayor of the Michigan Sault. Absolutely no concerns whatsoever aside from an activity—and it could be a church gathering of 1,500 people in one location every day of the week that would bring probably no more problems to that community. It's well run, it's well regulated; no concern.

We've got Mr Kates from our police department who can probably confirm to you that you're not getting the

horror stories that you might expect to hear coming out of Sault Ste Marie, Michigan, because of how they operate it. Bob?

**Mr Bob Kates:** Certainly with the number of people coming into the community, if there's a casino established in Sault Ste Marie, we're going to experience the normal increased traffic flow, increased accidents, minor thefts. But from the experience across in Sault, Michigan, they haven't experienced anything of organized crime. They have a security force there in place to ensure that things don't happen.

As the mayor did indicate, it's primarily tourists who are coming from across Michigan and the upper United States, and their big problem over there is traffic problems and parking-type things.

**Mr Fratesi:** We don't think that's going to happen in Windsor. We think the market's different. We don't want to wait for Windsor, because we don't think it has any application to a casino in Sault Ste Marie or a casino in perhaps Toronto or a casino in Sarnia or a casino in Fort Erie or Niagara Falls. We don't think there's application from that experiment to any other potential site in Ontario.

**The Chair:** Mayor Fratesi and company, again, thank you very much for presenting before the committee.

0940

#### SAULT STE MARIE ECONOMIC DEVELOPMENT CORP

**The Chair:** Our next presenter is the Sault Ste Marie Economic Development Corp.

**Mr Bruce Strapp:** Good morning, ladies and gentlemen. My name is Bruce Strapp. I'm the executive director with the Sault Ste Marie Economic Development Corp. With me today is my economic development officer, Jake Pastore, who has helped with putting together some of the background material and booking our appointment today.

Certainly it's an opportunity to see our political leader, Mayor Joe Fratesi, have an opportunity to talk to players. We certainly don't want to cut into any of his time, and actually support and enhance any time he can have discussions with the people from Queen's Park.

First of all, on behalf of the economic development corporation, I'd like to welcome you to Sault Ste Marie. The casino opportunity for Sault Ste Marie is still certainly a gamble. I understand that you've had a very busy schedule and have become experts on casino gaming. I've heard presentations from whether placing a bet is recreational or the first step to credit counselling. Today, the Sault Ste Marie Economic Development Corp would like to lay its cards on the table, and there will be no bluffing.

The economic development corporation has celebrated a decade of developing opportunities ultimately resulting

in the creation of jobs. It has certainly gone through many changes, many people and many socioeconomic times. Certainly nothing has moved as quickly as the expansion of casino gambling in North America.

Just to give you a little background on our corporation, the corporation's activities have been restructured to involve the tourism component of this community. Previous to 1992, there were two organizations, the EDC, which was industrial-development-driven, and HATS, Hospitality and Tourism Sault Ste Marie, which had the mandate to promote tourism and Sault Ste Marie to external markets.

Several years ago, the city of Sault Ste Marie established rightsizing measures to reduce expenditures and to maximize services to this community. The city entered into an agreement with the province and the federal government to complete a strategic plan for the city of Sault Ste Marie, RAPIDS, which stands for research, action, promote, infrastructure, delegate and support. This was a process in which the community was involved in determining its destiny. It established a mandate:

"Sault Ste Marie is a community that provides for its citizens through: the preserving and promotion of a superior quality of life; creative and diversified economic development which relies on but does not exploit a unique natural environment and cultural heritage; social programs that meet the needs of our citizens."

This is a community that is proud of itself and the accomplishments of its citizens, a community that can act as a model to others, showing how to come together in adversity and build a common future.

It identified goals, objectives and strategies, with the key goals for the economic development being its quality of life and improving economic development. In particular, there are six components: open for business, the focus on forestry and forest product opportunities, the focus on Algoma and opportunities in the steel industry, to increase tourism, to support higher education and to target external investment.

This has led to the establishment of a new board, new roles and new actions for the economic development corporation, which still is focused on the creation of jobs, but in a much broader sense. It has brought new people into the process and has found a new wave of opportunities. From the assistance to small business through the business self-help centre to the promotion of Sault Ste Marie to conference and convention doers in Detroit and Chicago, the EDC is starting to build much more success in a more integrated and strategic way.

A little bit of history: To speak briefly on the history of Sault Ste Marie, it has been a meeting place for centuries with the natives; the coming of the fur trader; the war and peace between our nations, the United



States and Canada; the start of business with Mr Francis Clergue building hydro power plants, steel and paper mills and railways to ore reserves further north, and finally to the maturity of a city split between two nations. The city of Sault Ste Marie has a phenomenal history. It could be a best-selling movie.

Like many communities, it has its issues, its ups and downs, its economic cycles. Yes, we saw a recession too. We have and are restructuring. Don Tapscot refers to this time as a paradigm shift, and to many of us, there is a land of opportunity.

Sault Ste Marie does have population stagnation. It has a high unemployment figure. Tourism is slightly up. However, wealth creation is down because competition has kept prices down. Major employers have downsized their labour force to get into the profit, versus the foreclosure, margins. Cross-border shopping nailed Sault Ste Marie, Ontario. It seems there is more mall retail space on the Sault, Michigan, side than the Sault Canadian side. Their population is approximately 13,000 or 14,000 and ours is 81,000.

Cross-border travel is up. July 30 this year was a record for traffic crossings over the bridge. Recent sales of American dollars in Canadian banks in the Sault are way up. It continues.

I noted some articles in Windsor, that the only reason cross-border shopping did not escalate was because the congestion at the border discouraged Canada-to-US crossings and therefore they had to look for convenience stores within Ontario. Sault Ste Marie has a tremendous capacity for traffic flow and therefore it is very easy for shoppers to move back and forth. It has become habitual.

The Partners in Excellence program certainly opened our eyes to the problem and worked very hard to make businesses more competitive. However, they were up against an unlevel playing field with different rules for taxation and market pricing: GST, PST, gas taxes, milk marketing boards etc. In some cases, you can't compete. Gas right now, apparently, on the other side is US\$1.05 a gallon.

Higher unemployment has resulted in more social problems in the Sault, and the cost to this community and the province is increasing. The cost of this social net must be phenomenal.

I hate talking about issues, since it brings down your level of optimism. I tend to dwell in the area of opportunity since that is what economic development is all about. Let's talk about opportunity. Certainly one can understand the opportunities that a casino can bring to Sault Ste Marie if it is best worked with the community and the province. I'll elaborate on this a little bit later, but let's assume the best scenario.

Job creation: Certainly a casino would bring direct and indirect jobs to Sault Ste Marie. It is anticipated

that 9,260 direct jobs would be created and 10,848 indirect jobs, for a total of 20,144 jobs that would be created in Windsor. Imagine that number for Sault Ste Marie. The Coopers and Lybrand study identified, based on a small 10,000-square-footage, that it would be direct jobs of 602 and indirect of 712 jobs, a total of 1,314 jobs.

Tourism growth: New tourists spending more money in hotels, restaurants, attractions, retail and so on.

Retail and business revitalization: Depending upon its location, it could be used as an opportunity to revitalize a business core and breathe new life into the business community.

Again depending upon its location, it could support and promote our tourism and recreational waterfront development.

More visitation to our attractions, such as the Agawa tour train: Imagine the numbers going from 100,000 to 200,000 visitors on this attraction. Maybe even a gaming car would be added to make the tour more attractive.

The Old Stone House, the art gallery, our museum, the Ontario Bushplane Heritage Centre, our amusement parks, golf courses and so on: Imagine the support for our arts and culture, and that is even more important.

There would be increased business for our car rental agencies, airport and air service, bus and rail service, taxi businesses, city bus system and so on.

How about our manufacturing companies such as Michigan Maple, our local manufacturer here who has already made gaming tables? They might even sell a few of their products to Windsor. It's a fantastic product. Right now they're looking at negotiating with Vegas Kewadin on the other side.

Our food processing industry, such as Good Old Dad's, could provide the Italian specialties for this casino. The Sault is noted for its fine Italian cuisine; it's part of our rich heritage.

Maybe a certain professional theatre group might accelerate its plans for finding a home to cater to increased visitors to our community. Maybe even more spectacular live entertainment would occur.

Wouldn't hotel occupancy back around the 75% occupancy rate be great? We would have increased activity for our professional services, accounting, legal, engineering, marketing firms, printers and so on.

How about new opportunities in warehousing, wholesaling, security services, our police force, social support jobs etc? These are all valuable jobs to our community.

Our Searchmont Resort would increase its number of downhill skiers and have another opportunity for co-op marketing.

How about casino projects maybe being the catalyst to bring back cruise shipping to the Great Lakes? The

EDC has certainly invested in this opportunity and the casino promotes a big lure.

How about training opportunities? It's happening in Windsor; it'll happen in the Sault. Our Sault college, Algoma University and our neighbour's Lake State University in Michigan have worked closely together and can certainly find an opportunity in this.

I can keep going, and certainly a quality casino in Sault would be a tremendous boon. I don't have to tell you that gambling has evolved in North America; it's growing in Canada and it is here in Ontario. Certainly, we feel its presence here in Sault Ste Marie, Canada, with our close proximity to Vegas Kewadin. Casinos will be rolling up to border communities in the United States and Canada and in many cases developing critical mass attractions, if done properly.

I believe you've heard the numbers: \$4 billion in wagering in Ontario per annum; from the Ontario Lottery Corp, \$1.6 billion in 1992-93. This year's been a momentous occasion with reaching the \$5-billion mark in revenues for the province. Sault Ste Marie has opened its doors to teletheatre horse racing. We have our bingos and charitable gaming events also.

Sault Ste Marie does have a gaming culture just like Ontario. It would rather use the words "entertainment" and "recreation" because that is what it is. So you can see why Sault Ste Marie was the first community off the mark in supporting the casino and especially to have one in Sault Ste Marie.

I hope you can also understand our sinking feeling when we are told, "It's not your turn for a casino, and we might put casinos in a whole bunch of other places too." Certainly they were not impressed with a study commissioned by the province which suggested the Sault could support a casino with only 10,000 square feet. How can this compete with a 50,000- to 75,000-square-foot casino next door?

**0950**

Sault Ste Marie, Michigan, has a casino. The Chippewa tribe has worked very hard in attaining a goal that has led to phenomenal economic development and sustainability for that community and Sault Ste Marie, Michigan. Here are some notes on that:

It has completed a major second expansion and is approximately 50,000 square feet or bigger. The future growth of this casino is inevitable.

The Chippewa tribe employs approximately 1,200 direct jobs with the casino operations and another 500 indirect support jobs. It has become the largest employer on the Sault, Michigan, side.

The casino's net profits last year were \$84 million. That's net, after expenses.

In its lobby with the state to maintain the slot machines, it has agreed to pay a state fee and also a percentage to Sault Ste Marie, Michigan, of 2.5% of

profits—not bad for economic development.

I have lost count of new hotels being built. The last count of hotel rooms for that community was the same as Sault Ste Marie, Canada, and there's a population difference of approximately 70,000 people. The growth in convention and conference facilities has been unbelievable. You have to see it.

The Chippewa band has recently announced the location of a new casino, if approved, in Detroit. Many concerns are now arising from the Windsor project on bringing that huge market to Windsor if a first-class casino is operating in Detroit. Sault Ste Marie and Windsor are now, or will be, in the same boat.

Sault Ste Marie, Michigan, has always spoken positively about the impact. Certainly there has been some concern, but the anticipated negatives did not happen. Sault, Michigan, traditionally had a very high unemployment rate. The casino has flipped this around and is now having difficulty hiring and is trying to hire people from Sault Ste Marie, Canada.

Of course, Ontarians love this place because the hotels are running at 100% occupancy over there. We on the Sault Ste Marie, Canada, side do get some small bus tours on this side. We are taking advantage of this, but the white-and-blue licence plates still dominate the parking facilities at Vegas Kewadin.

Many of our meeting and conference participants who stay in Sault Ste Marie, Canada, visit the casino because of its attractiveness. It's difficult to stay away from the lure. It promotes top entertainers and the service is excellent.

In regard to Windsor, certainly we were happy in Sault Ste Marie that another cross-border community hard hit by cross-border shopping and the recession is receiving a casino project. We can understand their jubilation. We certainly would express the same anticipation and hope as that community. This community has a history of celebration too, and recently we've been celebrating the Memorial Cup victory by our beloved Soo Greyhounds. The streets were lined and the party went on for a week. We've had new businesses, the Ontario Lottery Corp, BABN Technology and the Lake Superior cogeneration plant.

The Sault Ste Marie Economic Development Corp is concerned with the direction the province is going, investigating the startup of regional casinos. This will water down the casinos being used to promote tourism and economic development. It also deviates from the concept of casinos to mitigate cross-border commercial leakage.

The EDC supported, by resolution, a casino project in Sault Ste Marie when it was first announced. The corporation believes its role will be a leadership role, in working with the province and partners in putting together the best casino project for Sault Ste Marie. We



have participated on a city casino project team which has until only recently been collecting information, meeting with representatives of the Ontario casino project team, liaising with other casinos and communities that are looking for or have an operating casino.

We have met with representatives from the Garden River first nation to talk about the opportunities of a city-native-provincial project. We still are waiting for our political leaders to decide upon the casino for Sault Ste Marie. We certainly do not want to spin our wheels until the economic development corporation has commitment that this project will eventually come to Sault Ste Marie.

In regard to Bill 8, certainly one of the questions that the EDC would like to reiterate with the ministry is why, in these times of fiscal restraint, strike a new crown corporation when there is a crown corporation established that has the credibility, integrity and ability to take on the casino projects in this province? The Ontario Lottery Corp has certainly done great things for Sault Ste Marie in sparking community development and pride, and has provided the province with over \$5 billion in revenue. If you proceed with this separate crown corporation, the EDC certainly reiterates many of the things brought up by the community of Windsor:

Certainly there are zoning implications, demolition of buildings and land acquisition if the city is playing a lead role in putting the project together. Legislation should be put in place that would support this process.

The casino project has to be done in cooperation with the community. Mr Dominic Alfieri, the assistant deputy minister and team leader for the Ontario casino project, hit it right on the head: Probably much of the success of the Windsor project to date was because of the provincial approach to work with the city.

The minimum age for entry into the casino should be raised from 19 to 21. We agree with some of the points made on this from Windsor.

Municipalities in which casino projects are planned or are operating should have representation on the Gaming Control Commission. This would give a community a voice in regard to activities on that.

The Sault Ste Marie Economic Development Corp has a strong position on a casino project:

(1) The casino project has to be a net economic development to Sault Ste Marie and the province before it is a grab for revenues. This can be obtained by the promotion of this project as an out-of-province visitor and benefit generator.

(2) The casino project has to be done in concert with the community to achieve and maximize the best possible project. Roles and responsibilities have to be clearly defined.

(3) The casino project has to have guarantees that it has the highest level of integrity and mitigates and

ensures social responsibility and accountability.

(4) It has to be competitive with our neighbour in Sault, Michigan, so that it has the ability to attract people across the border. There are six million people a year visiting Mackinac, a million in Sault Ste Marie, Michigan, and we have to draw those across the bridge.

If these broad principles can be met, the economic development corporation would promote and work hard on a casino project that would have negative impacts on this community.

In conclusion, I hope we have been helpful in giving you some direction. We certainly have not had the opportunity to do much consultation with the Ontario casino project team and the ministry; Windsor and Toronto are such a distance away. We hope you will encourage Queen's Park to hurry up on the decision for Sault Ste Marie, and the EDC is anxious to roll up its sleeves and get to work.

Again, thank you for visiting Sault Ste Marie and listening to our comments.

**Mr Gary Carr (Oakville South):** I appreciate the opportunity to be in the Sault. As a matter of fact, I was interested in you winning the Memorial Cup. I was on the 1975 Memorial Cup Toronto Marlboros, and we came up here to play the Sault back in the good old days. You said the party went on for a week. I seem to remember that myself, the party going on for a week when we won it in 1975, so some things don't change.

On page 6 of the presentation you talk about 20,000 jobs for Windsor. When we were in Windsor, the figures we heard were about 2,500 direct and 6,000 indirect for a total of about 8,500, so I'd be careful. That's directly from the ministry.

One of the concerns I have is that some of the numbers are being based on having one casino now in Sault, Michigan, and then Windsor opening up. The concern is that what's going to happen, of course, is that Detroit won't sit by while Windsor has it. They'll open one. If you people get one here in the Sault, we're going to have four casinos that'll be taking from the same market. People seem to be taking the same job figures from the one casino, but what's going to happen is that it's going to be divided up.

Do you really believe that the number of jobs you mention on page 6 are going to be created if we include Windsor and then maybe Detroit getting one? How are we going to attract the people to come across when we have all this competition? Do you really think that Sault, Ontario, is going to get all these jobs that have been predicted?

**Mr Strapp:** It's very difficult when you get into the numbers game on economic modelling. These numbers were some of the best numbers that came out of Windsor in the earlier times. They're much smaller with the size of the casino being established and the square

footage, but one of the things we can see as an opportunity for Sault Ste Marie is that many of the American visitors coming up to the Sault, Michigan, casino might want to take a look at a Canadian experience.

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One of our biggest challenges is to get people to come across the bridge, as the bridge is a deterrent to a certain degree because people are very afraid to enter a foreign country. In regard to casino gaming, if there is an alternative on the other side, maybe those players would be interested to see how the Canadians do their gaming also. We could see it being very much in competition with the Vegas Kewadin, but it also could be very complementary, because many of the Americans might want to take advantage of coming over to the Canadian side and taking advantage of staying in a hotel room maybe \$30 to \$40 cheaper a night than what it is right now.

**Mr Carr:** Good luck. I hope you win the Memorial Cup again.

**Ms Margaret H. Harrington (Niagara Falls):** I couldn't help noticing during your presentation and the previous one the similarities between your community and my community of Niagara Falls. They're about the same size, around 70,000; we each have a sister community across the border; you've had economic problems with cross-border shopping. With the unemployment figures, you don't have them listed here but in our area I believe the unemployment is around 16% and the welfare over 10%, so we certainly face that together, but we have 12 million visitors a year to Niagara Falls. I just wanted to get on the record, would your community have a position with regard to a casino in the city of Niagara Falls or would you have a problem with it?

**Mr Strapp:** Well, I think after the one in Sault Ste Marie is established—

*Interjections.*

**Mr Strapp:** I think the mayor's reiterated that casinos were a solution for cross-border shopping. I believe we will see a proliferation of casinos set up along the border communities just in response to their attracting Ontario visitors to come across, and I'm quite sure you're going to see at the border communities these casinos being established on both the Canadian and the American sides.

**Ms Harrington:** Would you think it would be a good idea in Niagara Falls? You know what the situation is, very similar to yours.

**Mr Strapp:** Yes. We're certainly very aggressive for Sault Ste Marie, but for the cross-border issue, certainly.

**Mrs Marland:** I didn't ask about it being useful in Mississauga.

**Mr Martin:** You referred, Bruce, to 10,000 square feet. We had Coopers and Lybrand in to see us on Thursday, and my understanding of it was that 10,000

was a minimum; that was what they were looking at. They based that on their visit to Sault, Michigan, in part, and at that time the Michigan operation wasn't nearly as big as it is now. I believe the next expansion will give it 75,000 square feet. Is that correct?

**Mr Strapp:** That's right. Right now I think it's just a little over 50,000, but they seem to be growing in leaps and bounds as we speak. I think they're growing.

**Mr Martin:** Would you care to comment briefly on the proposal that is being put forward that we do a cooperative venture with the native community?

**Mr Strapp:** I sit on the city casino project team, and there has been some discussion between the native project team and ours and certainly some discussions from the provincial players that this might be an opportunity for a number of things to be dealt with, especially near our community because Garden River is very proactive in going after a casino for its community.

We certainly don't see two casinos being able to support themselves here, and we might be able to solve the problem of two with a joint venture in which the native community and the city and the province could come together. I think the EDC has always reiterated that we would be very much involved in promoting working together, doing a feasibility study or trying to find the best project for Sault Ste Marie.

**Mr McClelland:** It seems to me that you've hit on a couple of points that are really salient to the whole discussion with respect to casinos. You mentioned it twice and the mayor in his brief mentioned it as well, and that's the issue of competition and the competitive element. Mr Carr was going to pursue the line of reasoning that said that if there's  $x$  number of dollars being gambled in the Sault, you're probably going to be competing for, more or less, that same pool of money.

It seems to me that the government has a bit of a dilemma here and I would be interested in your reflection on it. They want government control, and I understand, for political reasons and the optics at the same time, some of those restrictions and the restraint in terms of operating a casino that would be there, should one come to pass in Sault Ste Marie. I'd be interested in your comments with respect to, first, limitation of size and the constraint the government is bringing. They're saying that they want the private sector to operate it, but there's a list of dos and don'ts and it's limited. I understand some of the rationale for that, but I also see it as counterproductive.

One of the gentlemen in Windsor—I believe it is Al Brenner—was very, very forthright when he said: "Let's be realistic about this. What we're contemplating getting is not what we're going end up with. We're going to end up eventually with a full-scale, no-holds-barred casino in Windsor, if we want to compete, in terms of floor shows and everything else."



I see that as very, very problematic. Putting aside all the arguments, putting them on the shelf for a minute, presuming we're going ahead with it, what do you say in terms of the private sector being fully competitive if you're going to run it and have the government stay out, save and except for the control from the security issues? It seems to me, from a business point of view, that if you're going to compete you've got to be able to compete. You're only going after so many dollars and so many gamblers. I see that as problematic, that the bubble will burst at some point in time; you're going to go head to head with full-scale, unrestrained US competition. I'd be interested in your comment and reflections on that.

**Mr Strapp:** I think you're certainly going to have to take a look at the motivation for what the province—because right now its involvement with the private sector is more of a contract services approach, having the city involved in regard to the property with the model they've set up in Windsor. If you're looking at a head-to-head competition, you can offer different things. You don't have to necessarily do exactly the same things as what they were doing on the American side with Sault, Michigan.

**Mr McClelland:** You have to do it as well or better.

**Mr Strapp:** That's right. In the legislation there are some games that are not allowed that they do allow on the American side. I don't necessarily mean you have to duplicate exactly what they have on the other side, but there might be some sort of Canadian spin you could put to it that could be attractive in itself, where you can run into some specialities. The province wants to get its revenues out of this and, to give the private sector the motivation, you're probably going to say it's going to have to have a piece of the take also. We could get into some real scary ground.

In Ontario you're probably going to have a very well-regulated situation. It's going to be a services thing. I've been speculating how you're going to do that down in Windsor. If the casino has any opportunity for growth and you're sitting down negotiating with the city and the private sector, saying, "We need more police services, we need more social support services," those sorts of things, and you've ironed out a contract and all of a sudden you're hit with a growth thing, what are you going to do: a percentage of take or whatever?

I think you have to look at that and have some flexibility. With every bill you introduce, you're going to have to review that and take a look at it down the road. I still see that you can find something that will fit. If you have the community involved with the players, I think your guarantee of success will be much further. I think Windsor has alluded to that also.

**The Chair:** Thank you, Mr Strapp and Mr Pastore.

#### SAULT STE MARIE CHAMBER OF COMMERCE

**Mr Barry Magill:** My name is Barry Magill. I'm president of the Sault Ste Marie Chamber of Commerce. I have with me Gail Logan, who is the general manager of the Sault Ste Marie Chamber of Commerce.

We're very pleased to be here this morning. It's always a positive day in Sault Ste Marie when we can sit with a group like this and talk about something that's going to provide a real opportunity for Sault Ste Marie.

First of all, I'd like to extend a friendly Sault Ste Marie welcome to the committee. For those who haven't been here, I'm sure you'll have an opportunity, although it will be quite short, to experience some of the hospitality here. In addition, we'd like to thank you for accepting our request to appear before you.

I will begin briefly talking about the people I represent. The Sault Ste Marie Chamber of Commerce represents approximately 700 businesses in Sault Ste Marie. Our membership, of course, provides us with the funding and the human resources, both paid staff and volunteers, to carry out the endeavours which are beneficial to the economic wellbeing of Sault Ste Marie. As such, we are in support of a casino in our city.

As you've heard, cross-border shopping exists today in full force. In Sault Ste Marie, \$104 million is lost annually to cross-border shopping. This represents a tremendous loss in revenue to the provincial government as well as job losses and business closures in the community. Millions of dollars are spent on gas, groceries, restaurants and entertainment such as bars, concerts and, as you've heard earlier, the Vegas Kewadin casino in Sault Ste Marie, Michigan. A casino in Sault Ste Marie, Ontario, would be a way to counter the leakage of revenue and its damaging effects. It would strengthen our local tourism industry by providing our infrastructure with a major tourist attraction and, of course, the city with a viable income generator. Revenue generated from a casino would greatly revive the city's business community. The tourism multiplier used by the Ministry of Culture, Tourism and Recreation is 1.7. In other words, for every \$1 million spent at a tourist attraction the size of a casino, an additional \$1.7 million is spent in the local economy.

A casino would fit our rapidly developing tourism infrastructure. Sault Ste Marie is already a popular tourism destination, but a casino would provide the anchor that would attract more visitors and keep them in the city for a longer period of time, during which time they will spend more money on meals, accommodation and shopping. This would greatly revitalize the business community and, in turn, the city's economy. There would be endless possibilities for dynamic marketing of a casino in our community. We have a wide array of tourist activities that would complement a casino. As a year-round tourist destination, exciting tourism packages could be easily coordinated for every



season satisfying the global trend towards packaged vacations.

Again, as you've heard earlier, Sault Ste Marie's major tourism generators include the Agawa Canyon tour train which draws approximately 100,000 people a year. In addition, other attractions: the Lock Tours Canada, approximately 17,000 people; Hiawathaland Tours, 14,000 people, and our vast array of museums and art galleries attracting an additional 50,000 people annually. One of the benefits of living in Sault Ste Marie is the snow and, accordingly, our winter attractions include Ontario's Winter Carnival-Bon Soo, Canada's third-largest winter carnival; additionally, Searchmont Valley Ski Resort, with the highest peaks in the Midwest, and our extensive snowmobile trail system which supports the area outfitters. We also have numerous cross-country ski facilities. Similarly, Sault Ste Marie, Michigan, is host to approximately 1.3 million tourists a year. Within a 260-kilometre radius of Sault Ste Marie, Mackinac Island is host to six million tourists a year. Ideally situated at the heart of the Great Lakes, Sault Ste Marie is the site of tourism activity year-round.

A great deal of effort and money has been invested into the future of tourism in Sault Ste Marie, not only by our community but also by the provincial government. We recently completed, in conjunction with the economic development corp and other key players in the industry, an extensive tourism strategy for our city demonstrating our commitment to the city's future in tourism. Similarly, the Ontario government is currently investing a significant sum of money developing a similar strategy for the province as a whole. A casino would strengthen and ensure the viability of those funds already invested.

Just as a casino fits into our infrastructure, so does Sault Ste Marie as a casino site fit into the provincial government's proposed tourism strategy for Ontario. By strategically establishing Sault Ste Marie as a northern tourist destination, it will facilitate widespread travel throughout Ontario, generating wealth across the province through increased transportation, accommodation and incidental spending en route. The more area tourists must cover, the more money they will spend. This amounts to greater revenue for the province as tourists cover more area and greater revenue for Sault Ste Marie as tourism visitation increases.

The chamber of commerce and our members have played a significant role in the expansion of tourism in Sault Ste Marie. The chamber hosts semiannual tourism awareness programs which are designed to increase tourism awareness at a community level, resulting in a well-informed, service-oriented populace. The chamber is committed to the development of tourism in Sault Ste Marie and we will continue to pursue development opportunities to increase and protect the success of our

investment in tourism.

We believe our developing tourism infrastructure and strong business community can accommodate a large casino. The Coopers and Lybrand study was very informative and certainly general in its scope. Sault Ste Marie is in a very unique situation, and we believe that this must be taken into consideration.

As we hope you have the opportunity this evening, you will have a chance to see a large, 50,000-square-foot-plus casino located in Sault Ste Marie, Michigan, in close proximity to Sault, Ontario. We at the chamber regard this as an advantage to locating a casino in our community. It is not one casino that attracts people to Las Vegas and Atlantic City, but rather it's the exciting diversification that offers tourists many choices. We don't see this as drawing a line between our two cities; we see it as drawing a circle around the two communities, providing very much a critical mass.

The casinos, however, must remain very competitive to exist in this environment. Designating a small casino in Sault Ste Marie, Ontario, underestimates the tremendous capacity we have because of our geographical location. A 10,000-square-foot casino would fall short of capitalizing on the true potential of our situation. We believe a large casino in Sault, Ontario, would flourish, given that the market opportunity is already established. A Canadian casino would be attractive to Americans due to the increased play value of their dollar. In addition, it would help to encourage Canadians to spend their money at home.

At the chamber we pride ourselves in our ability to work together with other groups, including government, for the common good of the community. We are truly an active city when it comes to improving the quality of life in Sault Ste Marie. A good example of this is the Partners in Excellence program, which was comprised of members of the Sault Ste Marie and District Labour Council, the economic development corporation, the Sault Ste Marie Chamber of Commerce and the provincial government. These groups have worked very hard to create public awareness and to try and find solutions which will minimize the cross-border shopping habit. The Partners in Excellence program has been completed. However, to date these groups are in frequent contact and continue to maintain good working relationships.

#### 1020

In conclusion, I would like to highlight the top 10 reasons for establishing a casino in Sault Ste Marie.

(1) The province has plans to expand tourism into northern Ontario in order to make the entire province marketable. In order to succeed in expanding tourism into northern Ontario, a solid anchor, such as a casino, must be established. Strategically, Sault Ste Marie, Ontario, makes the most sense in terms of the province trying to achieve this goal.



(2) A casino will provide jobs, investment and revenues for both this community and the province.

(3) Sault Ste Marie has upsized its second-largest industry, that being tourism. As a result, the infrastructure necessary to establish a casino already exists here.

(4) The Ontario government has already invested in Sault Ste Marie and a casino would protect this investment. Like the province, Sault Ste Marie has invested a great deal of money and effort into tourism. A casino would protect our investment as well.

(5) Dynamic partnerships already exist within this community, as I outlined earlier, and we are committed to working together to ensure the success of a casino project.

(6) A unique situation exists in the Sault which lends tremendous potential to a casino. A closely located American casino has already established the market opportunity. Strategically, we are in an excellent position to capitalize.

(7) Just as gasoline acts as a catalyst to cross-border shopping, a casino will act as a catalyst to create traffic flow north.

(8) Our resilient business community has survived through the cross-border shopping trend and the recession. We are very ambitious and we welcome the positive challenge a casino would bring.

(9) Locating a casino in our unique area, where there already exists a market, would provide an opportunity to benefit from the established critical mass. In addition, the value of the Canadian dollar gives Americans a good reason to cross the border to gain in Canada.

(10) We are prepared to participate in providing the ultimate entertainment centre, including concerts and other attractions, to promote the casino. Unlike many other Ontario cities where tourism is seasonal, Sault Ste Marie offers year-round tourist attractions and events which would complement a casino attraction.

Now I'd like to provide some comments and recommendations regarding Bill 8.

In order to increase the casino's potential, the chamber of commerce believes that the maximum private sector involvement is required. The private sector, as we all know, is very effective at running business.

We also suggest that there be only minor regulations and restrictions enforced in casinos so that we can be competitive. This relates specifically to any regulation which would restrict alcohol consumption while gaming and the outlawing of certain other games. A full-service casino featuring gaming, dining and entertainment will provide maximum return on the investment. Also, we believe that procedures necessary to become a registered supplier to a project of this nature must be easily accessible to small business.

Further, we suggest that the procedures and criteria

for choosing appointees to the board of the corporation be in keeping with good business practices. We recommend that short tenures of two to three years be established to ensure good judgement, fairness and a healthy input of new ideas. We would recommend business representation on the board.

Finally, we believe the net profit that the corporation receives should be designated for a specific purpose or purposes, that is, provincial debt reduction, and this fact should be included in Bill 8.

Finally, on behalf of the Sault Ste Marie Chamber of Commerce I would like to congratulate the Ontario government on this very positive initiative and thank you for choosing Sault Ste Marie as a site to gather some of your opinions.

**Mr Kimble Sutherland (Oxford):** Thank you very much for your presentation in support of Bill 8. I guess I would like to have you respond to what some of the critics are suggesting about communities that are going after casinos in terms of the fact that casinos are not a legitimate form of tourism, that it's not a legitimate industry, that communities are getting caught up in kind of the glamour of casinos and that they're going after casinos; that they see it as an economic panacea. How would you respond to those critics who suggest those comments about casinos?

**Mr Magill:** Certainly I'm not an expert on casinos. I would gather that there are not many of us in this room who are experts, because it is very much an emerging industry. The way I would respond of course is to tie the casino in with the other kinds of critical masses particular to a certain area that I mentioned in my comments. In fact in Sault Ste Marie we see a casino being very much a part of some of the other attractions that we have here to form the critical mass that's necessary.

I think a properly run casino, with the operation carried out by a private operator with proper and prudent government regulation, would take care of any potential downside that might exist. I think we're all aware of the kinds of comments you make. I think in part it's some of the anxiety being experienced as we move through this thing. But if we've got a proper process with the government regulation, certainly from a business perspective I see this being run similarly to any other kind of tourism attraction venue.

**Mr Sutherland:** Some critics have suggested that there's a big difference between the charitable gaming, bingos, and casinos. In your view, do you see a significant difference from one type of gaming activity to another?

**Mr Magill:** At the risk of repeating myself, the major difference would be to tie what we're talking about here today into other kinds of activities. Typically, when one goes to a bingo, they tend not to look for

a swimming pool at the side, they tend not to look for a ski hill in the same location. I think what we're talking about here is something very different.

**Mr Martin:** I was in Windsor for a week with this committee and certainly felt the excitement and the energy that was generated there because this was happening for them. There were people who came who, for example, were telling us they were investing \$2 million in expanding their business because they expected that they would be able to compensate for that over the period of time the casino was there. Have you done much? I guess you've done some; you referred to it here. But for the business community in this city, would this be the kind of thing that would energize it in that way and do that kind of uplifting in Sault Ste Marie?

**Mr Magill:** We haven't at this point been able to carry out anything thorough in terms of the kind of thing you're talking about, but what I can tell you very strongly is that the business community in this city, as indicated by a survey we carried out among our members, has very strong support for a casino. As you've heard in presentations by the mayor and the economic development officer, the city is certainly looking for opportunities for additional investment. The business community is looking very much for the same kind of thing. As you may all be aware, we're trying to move out of the primary industry sector, and certainly tourism now is very much a big one.

The business community is ready. We have the infrastructure. We have the tools. We're ready to go, and there is a groundswell developing. I'm sure as this thing unfolds you will continue to see the kinds of partnerships that we in the Sault have formed. I'm talking about the business community in concert with the economic development corporation and the Sault and district labour council to make sure that these kinds of initiatives come to fruition. So certainly there's very much positive support at this point, and I only see it increasing.

**Mr McClelland:** Thank you for your presentation. I just want to throw out a challenge, not in a pejorative sense but just something for consideration, if you will. In your brief, you make a point that I raised, if you were here for the earlier ones, in terms of the private sector involvement and the dilemma that would exist. If you have maximum private sector involvement, the intent would be to hold people in the casino. Then on your first page, you indicate the 1.7-to-1 multiplier used by the Ministry of Culture, Tourism and Recreation. I see that quite frankly as a real dilemma inasmuch as you would have competing interests. If you and I were to engage in the running of a casino, we would want to make sure that people stayed in that casino.

1030

In fact, that has been the experience. The empirical

data suggest that in cities such as Atlantic City, with the typical bus tour, the average gambler will spend six hours in the community, and he or she will indeed use five hours and 40 minutes of that time gaming, leaving some 20 minutes left over for secondary economic activity. I just see that as a bit of a dilemma.

I'm not sure there is an answer, but in terms of the projections and the anticipated secondary economic benefit, quite frankly, I have some questions about it. I don't have an easy answer, but I'm not sure, just having that model of Atlantic City as an example, that it's going to generate the kind of secondary economic impact we'd expect, and I'm not sure that the 1.7 would hold. As I say, I just throw that out for consideration, because I think we have a dilemma here and the dilemma is private sector maximizing versus getting that secondary benefit to the community. If we have time, my colleague wanted to follow up with that.

**Mr Magill:** Just very quickly on that, I'm not sure how staledated your information is, but it's certainly my understanding that a lot of the participants at gaming establishments or, more broadly, the communities where gaming establishments are, are very much moving more to a family orientation as opposed to what we all might think would be the "hard core" gambler who spends most of his time in the casino. It's my understanding that it's starting to flush out. A lot of these communities have gone to the broader-based tourism attraction, tying it in with other modes of entertainment, whether that be, as I mentioned in reference to Sault Ste Marie, the train tour that we have, the carnivals that we have in the winter, the ski attractions that we have.

We see that not presenting any particular dilemma. I see it as being an opportunity for entrepreneurs. We're doing that right now. I see it as a real opportunity for business across the board to expand its operations as opposed to just trying to centre on what you make reference to.

**Mr Gerry Phillips (Scarborough-Agincourt):** Thank you for the brief. You mention a minimum of regulations. I think that's one of your recommendations to us. How important is that in terms of the chamber's study of this? How important are things like the ability to sell alcohol at the facility and to offer a variety of games and entertainment?

**Mr Magill:** Of paramount importance. Certainly, from a business perspective, one understands that in order to be competitive, you have to be able to offer what the site is offering across the road. In fact, you're hopeful that you can offer maybe something a little different. To provide very prohibitive regulations to a casino in Sault Ste Marie would kill the site before we got started. The facility in Sault, Michigan, which would be the competition, certainly is fairly wide open with respect to consumption of alcohol, with respect to the kinds of gaming that can be carried out. So in order



to be on a level playing field, we would encourage this group to bring recommendations that would provide an opportunity for an operator to be very much in a competitive, level-playing-field environment.

**Mr Carr:** Thank you very much for your presentation. I was interested that on page 2 you talk about the 1.3 million tourists a year who come to Sault Ste Marie, Michigan. Let's assume for a minute that the casino you get will be the way you want. As you know, the one in Windsor won't have alcohol. One of the concerns is that they're hoping to attract a lot of US tourists, and when they come across and see what it's really like, they won't come back. But let's assume for a minute that you get everything you want: you get the square footage, you get a great company running it in the private sector. Let's talk in percentage terms. What percentage of those 1.3 million tourists do you think will come across to Sault Ste Marie, Ontario, because we have a casino?

**Mr Magill:** Right now I can tell you that of the approximately 1.3 million, we have somewhere in the order of magnitude of 100,000 of them come across to Sault, Canada, most of them to ride the Agawa train tour. To give you an off-the-cuff increase in percentage, I wouldn't want to say at this point, other than I don't think you have to be a Harvard graduate to figure that there's a real opportunity there to move those people across, and we're doing some of that right now. Our waterfront is starting to develop. We do have some visual kinds of lures. This one, certainly, depending on where it's located and how it's marketed, would provide that kind of lure. But if we can get 50% of the 1.3 million, it'll be a hell of a lot better than what we've got right now.

**Mr Carr:** I guess my feeling is that I trust your statistics more than I do government's, for a lot of different reasons, and the same when we were in Windsor, on the direct job creation. So I just wanted to see if you had a sense.

On that same issue, the number of jobs being created, again I trust your figures because I know in business you have to not be as political as some; and I say that all parties, politically, would add to the numbers to make them look good. If the Sault gets a casino, how many jobs do you think would be created here in terms of direct and indirect? Because one of the problems that we have is that in Windsor they see more indirect. They see 2,500 direct jobs and 6,000 indirect jobs. Some of the presentations here today have talked about more direct jobs in Sault, Michigan, than there are indirect jobs. So maybe you could give us an idea of what ratio you see with a casino, what percentage of the jobs would be indirect, if you can give us some idea of the numbers, because I think that's what the people in the community want. They're saying, "If we get a casino, how many new jobs?" Quite frankly, I trust your stats

better than any government's, so do you have any thoughts on that?

**Mr Magill:** Certainly, again, indicating that we have carried out extensive research is not the case. What I can tell you, and you've heard it already, is that in Sault Ste Marie, Michigan, the casino there employs somewhat in the order of 1,200 to 1,800 direct jobs, depending on what kinds of economic models you use in terms of multipliers from there. But at this point I think it would be premature to speculate on actual employment other than to say quite clearly that we would see direct jobs in that order of magnitude if we're allowed to compete on the same basis.

I can also tell you that in Sault Ste Marie, Ontario, we've experienced business closures with respect to the kinds of activity that would support a casino, and a lot of those jobs would certainly be retained. There would be additional jobs created because of the very unique nature of a casino. But we'd be happy to provide some numbers to you if we can get our hands on them, but I don't have them right now; nothing specific.

**Mr Carr:** Thank you. Good luck.

**The Chair:** Mr Duignan, the minister's parliamentary assistant, wanted to ask you a question in order to clarify something.

**Mr Noel Duignan (Halton North):** It's been mentioned by certain other presenters here this morning too. When you're talking of outlawing of certain games, what types of games are you talking about there?

**Mr Magill:** What we're indicating is that in order to maintain the level playing field with the Sault Ste Marie, Michigan, casino, where, for example, craps are allowed, that kind of activity certainly should be considered. With reference to the alcohol question, that's the other thing that we would want taken into consideration.

**Mr Duignan:** Of course you're aware that the federal Criminal Code outlaws games of dice, so unless the Criminal Code was changed, we couldn't operate a game of dice anyway in the casino.

1040

**Mr Magill:** I think the point is that to be very restrictive and allow only certain kinds of activity in a Sault, Ontario, casino would not provide the level playing field that we're talking about. So I think quite clearly the message is, you folks are the experts in terms of regulation. What we're talking about from a business perspective is that you've got to look at providing an operator with the opportunity to compete with an already existing casino.

**Mr Duignan:** Within the law.

**Mr Magill:** Within the law.

**The Chair:** Thank you very much for presenting before the committee this morning.

## ANGLICAN DIOCESE OF ALGOMA

**The Chair:** The Anglican Diocese of Algoma is next. It would be very much appreciated by the Chair if you would please come forward and make your presentation on behalf of the Right Reverend Leslie Peterson, Bishop of the Anglican Diocese of Algoma.

**Archdeacon Rodney Andrews:** Good morning, Mr Johnson and members of the committee. Thank you very much for making time available to the Anglican Diocese of Algoma to speak on this issue which concerns the people, the members of the diocese, very much.

Bishop Leslie Peterson, who was scheduled to speak here and very much wanted to come here, has a very strong personal interest in this and a strong commitment to justice and to making Ontario a better province. He regrets that he's unable to be here due to a death in the family and a requirement to attend a funeral in North Bay today.

I'm Archdeacon Rodney Andrews. I'm his executive assistant. I would like to tell you how we would like to use these few minutes that we have your attention, which we appreciate.

First of all, I would present a motion which was passed by the Canadian Council of Churches and a motion by the diocese of Toronto. I would then move over to Mr Bill Kidd, the gentleman sitting on my left. Mr Kidd is the lay secretary of the provincial synod of Ontario. Our church is organized into six dioceses in the province of Ontario and they meet as a provincial synod, with an archbishop. In that synod, Mr Kidd is one of the officials. He is also the secretary of the program commission, with particular responsibility to deal with the question of legalized gambling.

On my right, Archdeacon William Stadnyk, who is a long-time resident of Sault Ste Marie, is a senior clergyperson with the diocese of Algoma and has many years of experience as a prison chaplain working for justice issues and working with those persons who feel the effects of all kinds of problems in society.

Very quickly, then, the resolution of the Canadian Council of Churches on gambling, which I believe you have before you, is a motion presented by all of the churches of Canada which are part of the council of churches—and you would think here of the United Church of Canada, the Presbyterian church, the Lutheran church, the Baptist church, most major denominations—speaking of gambling as taking advantage of other persons, profiting by the loss of others, and the result of this being grave moral, social and economic evils. The motion does not go into the history but points out that the whole history of legalized gambling shows that once the state sets up gambling activities, these very quickly degenerate into vicious examples of personal corruption and personal exploitation and are very quickly taken over by organized criminal activities.

As a result, gambling becomes an enemy of personal integrity, of family welfare and of business honesty.

The second resolution on the second page I would like you to glance at before we begin was a motion presented by the Anglican Diocese of Toronto, a very large portion of the Anglican community in the province of Ontario, in which they remind the government of the province of Ontario that their own poll taken in the summer of 1992 indicated that 42% of the people in Ontario strongly disagreed with the government's plan to introduce casino gambling and 14% somewhat disagreed, indicating that more than 50% of the people in Ontario are not in favour of casino gambling.

In paragraph 3, "Whereas gambling for many people is an addictive behaviour, causing family and economic problems," the synod strongly urges the government of Ontario not to proceed with the plan to introduce casino gambling.

I present those two motions which have the authority of large constituencies within the Christian church, both on the Canadian scene and in the province of Ontario.

I move very quickly then to Mr Bill Kidd.

**Mr William Kidd:** I'd like to ask you, what is gambling? It's been a long struggle in the church.

In 1938, Canon Peter Green, an Anglican priest, wrote a definition. He said that gambling is "an agreement between two parties whereby the transfer of something of value is made dependent on an uncertain event, in such a way that the whole gain of one party is the whole loss of the other."

It's very tempting to enter into a theological discussion on gambling within the church, but it's not our intent. But as I said before, it's been a long attack of the church.

In May 1993, in an editorial which appeared in our national church publication, the Anglican Journal, they wrote, "For almost 100 years, the Anglican Church of Canada's stand on gambling and betting has been unequivocal: It is opposed. Now that view is in conflict with another strongly held belief: the right of native people to self-government."

The church finds itself in a quandary because native people are using casino gambling to generate much-needed revenues, and they are justifying it on the grounds of self-government.

It states further on that in 1987 the church put itself on record as stating that gambling and betting are unmitigated evils which are detrimental to the moral, social and economic wellbeing of Canadians.

These discussions have come out as we have gone through various stages of economic conditions in Canada and as recorded in a number of publications issued through the church. They are stressing that gambling is morally bad: its "irrational principle," its "wrong impulse," its "evil consequences" and its



"vitiating character."

There are many philosophical views that are mentioned in our paper, and one of the ones that disturbs us is the very obvious switch in direction that was taken by the present government of Ontario. It's a switch that has been mentioned so many times in Hansard of our province. Statements have been issued by Mr Peter Kormos, by Mr Drainville, by Mr Bradley.

One of the big issues that comes out, and a concern that the church has, is the matter of crime. As the archdeacon has mentioned, our present bishop is very interested in social issues in this province. Crime has been noted by many officials in many documents that have come out of the province, and more recently by the chief of police of the city of Windsor claiming that he requires an additional 33 uniformed police officers and 7 non-uniformed, and being told by the minister of the province that they will guarantee payment for 10 positions.

1050

Gambling attacks the very fabric of our province. There are some who state, "Well, it's only for the rich," but I would ask this committee to spend a few minutes and go down into one of the shopping malls, into the lottery outlets and see who's buying the tickets. Spend 20 minutes there and find out.

Economic panacea in Ontario: It can't be found in gambling. The fabric of our province will be greatly affected. Mr John Engles, the governor of Michigan, has just signed over an act in which he states that in aboriginal casinos, they are required to give 2% of the profits to the local governments.

Economic peace: We find that there are picket lines getting ready to go up in the Michigan casinos, so we urge this committee to recommend to the present government that it withdraw its shocking legislation for the good of the province and the good of the people of this province.

**Archdeacon William Stadnyk:** There's been a lot written about the benefits of full-fledged gambling casinos in selected localities in the province of Ontario. There has been less written about the adverse effects of casinos on the quality of life in our provinces. Most of the negative comments about casinos seem to dwell on the possibility of organized crime becoming involved and the extra cost of policing in the communities where the casinos will be established.

However, I would like to draw the attention of the committee to the social costs, which are not as obvious as extra policing but which are real and costly just the same. Some would say that allowing a gambling casino would be no different than allowing people to buy lottery tickets or allowing charitable organizations to use gaming proceeds to finance part of their operations. I wonder if any realistic study has been done of the cost

to our society of what is already in place?

Let me give you a few examples from my own experience in this community. First, a young couple with two children had been saving to buy their own home. The male partner had been buying lottery tickets. He'd won a few times so he thought he was on to a good thing. He spent all their accumulated savings for their new home, plus a few thousand dollars in cash advances on his credit card that he hadn't told his wife about.

Each time he didn't win, he kept on buying lottery tickets, telling himself that he would make her happy and he'd pay it off when he won. Now their savings are all gone and they're trying to pay off the accumulated debt on their credit card, which has reached its limit.

Second example: A young couple I know of with one child were living on a disability pension. They began playing bingo as entertainment and with the hope, of course, of winning. They won a few times, including winning a thousand-dollar jackpot, and they were hooked. Because of their growing debt load to finance their bingo habit, the pressure built up. They began to argue, the husband turned to drink and that marriage broke up.

Thirdly, a mature young woman, divorced, with a responsible job, began to go to the casino across the river for entertainment. Soon she was losing more than she could afford to and she began to borrow money from funds she was handling for her employer. She had the best of intentions, intending to pay it all back as soon as she began to win. Needless to say—and gambling is structured that way—her winnings did not keep up with her losses. When a business audit was done, she was found out and she lost her job. That woman is now on the local welfare roll.

At a visit to the casino across the river, a local patron who had been losing heavily was seen to sign over the ownership to his almost-new car for additional funds to continue his gambling. When his luck turned, he would get it all back. But his luck didn't turn and he didn't get his car back. I'm not sure how he got home that night.

I could go on with more examples from my own experience of what the gambling fever has done to residents of our community. But I've just given you a cross-section of situations known to me that have occurred without a casino in our fair city. Does anyone seriously believe that the problems and social cost would be any less with legalized, government-supervised gambling casinos in our province?

Also, the argument has been advanced that if we had a casino in Sault Ste Marie, Ontario, local people would gamble here and keep their money in Canada, and we'd attract people from across the river. The casino across the river already provides free liquor to all patrons. You empty your glass; there's another one at your elbow, no

charge. We are told there will be no liquor allowed in government-approved and government-supervised casinos in our province. Does anyone seriously believe that most, if not all, the gamblers would pass up the free drinks across the river to support our own local casino? Or will the government no-alcohol policy be modified once it is learned that the people prefer the casino with the free drinks?

The previous speaker said that in order to have a level playing field, you have to offer as much or more than the competition. What are our casinos going to offer to compete with what they're offering across the river now?

Has anyone calculated the impact, the loss of revenue to those who are already engaged in legal forms of gambling already permitted in our province? What will happen to the income of the lottery funds like Lottario and to the income from the racetracks—there were some pretty devastating statistics being offered in the paper last week about that—to say nothing of the losses that charitable organizations would suffer which presently depend to some degree upon charitable gaming for some of the revenue? If these charitable organizations don't get the revenue they are presently getting from the presently existing gaming situations, who would take up the slack and replace their much-needed and valuable community services? Would our provincial government be prepared to do this out of their share of the proceeds of a gambling casino?

I'm deeply concerned that our provincial government would officially sponsor anything that fosters a something-for-nothing attitude. The senior representatives of our government on the federal and the provincial levels are telling us repeatedly that we cannot get something for nothing, that there is no free lunch. Then, by endorsing legal gambling casinos in our province, our provincial government is fostering a state of mind that it, the provincial government, says does not work. You can't have it both ways. If it doesn't work in one place, it's not going to work in the other. A democracy, as I understand it, is based on a concern for the wellbeing of others around us, instead of profiting at the expense of others, which is what gambling of any sort is based on.

Finally, there is no new money being generated by gambling. It is simply the recycling of money that is already there, in some cases by people who can afford to do so but in many cases by people who cannot afford to do so but who feel their only hope of making it is through the something-for-nothing dream.

**1100**

Our nation was not built on such dreams. It was built by people who were willing to give of themselves sacrificially to build a better life for themselves and for those who came after them. The same principles of hard work, self-sacrifice, concern for others and entrepreneurship are necessary ingredients of any

economic recovery and for the building of a stable and caring society.

Thank you, Mr Johnson, that concludes our presentation. We wanted to emphasize, and I'm sure if Bishop Peterson were here he would say that the economic problems of the province of Ontario are so massive, and I think that is something that your government is dealing with every day. We're all very aware of the incredible difficulties that we have as a province, and to assume that we would be able to alleviate those economic difficulties through organized casinos, which Bill 8 proposes to do, is really a very simplistic solution to an extremely complex problem. We know that politicians are dealing with this, that economists are dealing with it, and the church is prepared to do its part. We just don't see that this is really the solution to the difficulties we're in.

**Mr Phillips:** I want to thank the church for being here and presenting. I'll follow up on what you almost said at the end, and that is that I think in some respects we're on the horns of a dilemma.

You've heard this morning from various groups who are very supportive of this because they face unemployment, business challenges, risks of losing business to the US and all of those things; much, by the way, as the church points out the challenge of conflict between your position with the native community and this. I think we've heard a very articulate view of some of the problems that will be presented, but I think what we're faced with is the other side of it: that there appears to be some economic benefit in proceeding with this.

Has the church got any advice for the committee in terms of, if we weren't to proceed with this, how might one find economic activity to offset what I think many people believe is an economic generator?

**Archdeacon Andrews:** The Dominion of Canada was built, and Ontario was one of the leaders, in terms of developing our resources, producing goods and services that people all over the world need and are willing to pay for, and that is really the only hope, I believe, of economic security for our country: that we are competing in an international marketplace to provide, as I said, goods and services from the resources we have, and that's the real secret. It's a massive job for government, but we will support whatever can be done. We just don't see that to set up casinos is going to solve this very, very complicated problem.

**Mrs Marland:** Thank you for a very impressive presentation this morning. It's very difficult, when you listen to some of the earlier presenters representing a different perspective from yours, obviously, elected people, the mayor and the voluntary people with the chamber and so forth, and I look at the 16.9% unemployment mentioned in the mayor's brief and I listen to what they're saying. Of course they're not really saying anything different from you on the subject of gambling;



they're not here saying that they're in favour of gambling. They're not saying that a casino is an alternative to other kinds of employment opportunities that they would like to see for their people.

What I did hear them saying was that they're here because at the moment it's an opportunity they see to have a remedy for almost 17% unemployment. If they're looking at these employment opportunities and you're opposing them, for some very valid reasons, in my opinion—I mean, you can't really blame the city fathers and mothers for trying to find a solution for their people in very, very difficult times and in a location that's far more difficult than most of the rest of this province.

I want to ask you, as people who live here—which we don't, except for Mr Martin—how do you argue the location aspect? Is it going to make any difference if there's a casino here as well as a casino across the bridge in terms of those people who feel compelled to gamble? You see it, as we do, as a taxation on the poor, obviously. Those people are going to go across the bridge without any difficulty anyway, so the argument the city makes is that it wants to have a market share. As to the examples you gave, Father, of those families, are they not going to access it whether it's in Sault, Michigan, or Sault, Canada?

**Archdeacon Andrews:** Probably they would, yes.

**Archdeacon Stadnyk:** One of the questions I raised is that if they're going to offer free liquor across the river and we don't, where are those people going to go? I think it's almost a simplistic answer, but human nature being what it is, unless we can compete on an even playing field we're not going to get the clientele. If someone is giving away free booze and we're not, the customers are going to go to where they get the best deal.

**Archdeacon Andrews:** I suppose if you visit a city where there are rows and rows of bars, you'd only see more degenerate activity because there's more opportunity. Maybe that's one way of thinking of it. Two casinos will increase the opportunities for social undesirables, social failures.

**Mr Sutherland:** Throughout this whole debate about casino gambling, the problem I'm having is that somehow casino gambling is seen as a lesser form of gambling compared to other forms. In the presentation, you cite what's going to happen to income from racetracks, from lotteries, from charitable organizations. I don't see how bingo, which is basically a form of gambling, is any different from casino gambling, or how placing a bet at a racetrack is any different from casino gambling. Mr Drainville has said the same thing. He's concerned about the racing industry. What is really the difference? Why is one more legitimate than the other one? They're still all forms of gambling.

You talk about charitable gaming. If a charitable organization decides to open up a casino, does that make casino gambling legitimate because it's going to a charitable purpose, or bingos legitimate because it's going to a charitable purpose? What makes one more legitimate than the other?

**Archdeacon Stadnyk:** I don't think anything makes them more legitimate than the other. I tried to point out in my brief that we've got problems with social costs now that are only going to be compounded if we add to the opportunities for gambling. We're not dealing effectively with the problems we have now with things as simple as bingos.

**Ms Harrington:** We certainly are not trying to alleviate all the economic problems with casinos, and we understand that it is recycled money, that it's not productive money.

I want to ask about your position with regard to the jobs that will be created. We've heard from previous presenters that it will be a healthy economic stimulus to this community, which badly needs it. What would you say about the thousand or more jobs that would be created directly? That will benefit people here.

**Archdeacon Andrews:** Certainly we would be in favour of employment, but we would want that employment to be based on something that contributes to the overall wellbeing of society and we are not convinced that casino gambling is leading in that direction.

**Ms Harrington:** But you agree it will produce some jobs, which would be a benefit.

**Archdeacon Andrews:** I've read some of the studies which say that this will produce jobs. We're just not sure this is the way that jobs should be produced in Sault Ste Marie at this time. We would prefer that there would be an environmentally friendly industry which would produce products which would be purchased by other persons in Ontario, across Canada and around the world and that would produce employment. This would be much more beneficial, as far as we are concerned, to the city of Sault Ste Marie. As far as employment is concerned, we are very much in favour of that, of course.

**The Chair:** Gentlemen, thank you very much for presenting before the committee today.

1110

#### LONDON CONFERENCE OF THE UNITED CHURCH OF CANADA

**The Chair:** I call on Reverend Phyllis Dietrich, the United Church of Canada. You weren't scheduled, but I know you've been waiting patiently and you certainly do have an opportunity now because of a couple of cancellations.

**Rev Phyllis Dietrich:** First of all, let me say to the committee that I am very thankful to have been found a spot to present this morning. This kind of presentation

is not unfamiliar to me. When I lived in Saskatchewan I presented a paper to the bingo commission that was going around the province at that time and seemed to speak in a different sort of tone from others who were presenting. Today I am speaking on behalf of the London conference of the United Church of Canada. I believe you have my paper.

I would like to take this opportunity to thank the casino gambling committee for allowing me to voice my opinion on the matter of casino gambling in Ontario.

I feel that it's important to make it clear to you from the beginning that I am opposed to the establishing of such operations. I am an ordained minister and speak today on behalf of the London Conference of the United Church of Canada. I would like to voice the following information.

A definition of gambling: Gambling is a contract whereby loss or gain or exchange or something of value—property, money or money's worth—is staked on the issue or outcome of an artificially created chance or uncertain event, without reference to or determination by value or service or goodwill, with consciousness of risk and hope of gain and with the gain of the winners being at the expense of the losers.

I believe that not only should this inquiry be concerned with the revenue aspects of casino gambling or the locations of said establishments but should also be concerned with the moral and ethical implications of gambling, taking into consideration (1) the character expressed in the moral act, (2) the principle involved in the moral act and its application, and (3) that the consequences resulting from the moral act and judgments arrived at would have to be applied to those who gamble, those who promote gambling and those affected by the gambling.

The United Church of Canada and the gambling question: The policies adopted by the general council of the United Church of Canada are clear:

—Governments should withdraw support from organized gambling and opposed it within Canada.

—It is immoral to offer gambling as a source of economic security to people on low incomes, poor communities and poorly financed sectors of life such as culture and sports.

—Members of the church should refrain from gambling.

—Church courts and formally constituted groups should abstain from applying for grants for lottery-generated funds.

These policies, which remain in place to date, were adopted by our general council in 1980 and 1986. As well, at our annual meeting of London Conference we passed another motion ratifying these motions.

Why we should not have casino gambling of any kind:

(1) If you are a Christian, and I am speaking first from that premise, there's no ethic of gambling. Gambling destroys the act of Christian stewardship, of how one gains and how one uses or spends it. As Christians, if we live by the ethic that all that we have belongs to God, are we justified in claiming the right to do just as we please with our disposable income, as if a token payment to God were quite adequate?

(2) Often it's heard that people need this, that "It's their only form of entertainment." Gambling has a deplorable effect on the senior citizen as well as others of low income. Low-income earners' savings are quickly dissipated, for a quick, possible euphoric thrill on gambling. Money for essentials is often used to engage in this activity, because, "My neighbour won \$1,000; maybe I'll be lucky too."

(3) This form of gambling distorts a person's whole understanding of relationship with others, because it's based on selfish gain, that is, one gains at the expense of others' losses.

(4) Who gains? When Canadians have been questioned in the past as to why they gamble, they have pointed to the benevolent cause which will benefit from their playing. They also spin dreams about what they'll do with all their winnings, and these fantasies usually include plans for being generous to others. Yet marketing and advertising base their strategy on greed. They believe that most people play because they want to win, not because they want to help a cause. They clearly want to win.

Before I go on, I want to say that Gamblers Anonymous is a group that I have worked with in the past, before going into ministry. I've worked in a hospital in Windsor, Ontario, where back in the 1970s we sent people to Gamblers Anonymous groups that were taking place in Detroit.

(5) Gamblers Anonymous, a group with a similar philosophy to Alcoholics Anonymous, maintains that people gamble because of an inability and an unwillingness to accept reality, because of their own insecurity and because of an immaturity that makes them wish to escape responsibility. It, gambling, becomes a symptom of human fumbling attempts to improve, especially materially, a desire to find meaning and purpose, a need to have a full perception of being emotionally as well as nominally alive. The increased number of people involved in gambling can no more be treated successfully in isolation, that is, by prohibition, than could excessive use of alcohol.

The case against gambling as economic development: We who oppose gambling as economic development make these points:

(a) Casinos or any other type of gambling are financially unsound and a wasteful means of raising revenue for public or private purposes.



(b) In this high-tech era, the product created by casinos and other forms of gambling relies on machinery rather than on the creativity and inventiveness of the employees. The investment in the community does nothing to mobilize people's productive and creative potential or to help the employees learn skills for more sophisticated jobs down the road.

(c) Gambling is a regressive form of taxation that is unrelated to income or property. The money is drawn disproportionately from low-income people.

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(d) The gambling product is high-priced, has low payout ratios and is promoted by advertising that seldom makes clear how small the prizes actually are compared to what people pay for the activity.

The social impact assessment: The onus for demonstrating the social impact of a particular type of economic development ought to be on the party planning the project and, I make it clear, not the political party. This means that proposals presented to city councils and other political authorities would need to indicate why the proposal will have a positive effect on human development in the community. City councils and other political authorities should then examine the proposal and answer for the public these questions:

(1) How will the proposal allow this community to invest in the formation of human capabilities that we need for the future?

(2) How will the proposal help the community mobilize and use its members' productive and creative potential?

(3) How will the proposal help the community provide the social security arrangements required for its members who cannot help themselves, especially the unemployed, the elderly and the disabled?

(4) Will the proposal create productive, remunerative and satisfying employment for the long term?

(5) Will the jobs produced engage people in the activities of the community, making them agents of participation and change for the good of the entire community?

(6) What social injuries will the proposal create? Who will be negatively affected by the proposal, and how? Will it increase inequalities or tensions between people?

Moral responsibility and government action: In preparing such an assessment, governments are attempting to be clear in drawing conclusions about two things: (1) the merits of particular economic projects; and (2) whether the social good outweighs the negative impact. This is an exercise in discernment in which moral standards are brought to bear on the facts of a particular case.

The literature on corporate responsibility offers three basic moral standards that are non-sectarian yet common to democratic countries. They have been applied by

enlightened corporations in the private sector carrying out such exercises. They are:

(1) Does the action as far as possible maximize social benefits and minimize social injuries?

(2) Is the action consistent with the moral rights of those whom it will affect?

(3) Will the action lead to a just distribution of benefits and burdens?

In the past, religious communities have been seen as being concerned only for personal morality when they have called on governments to restrict or prohibit the spread of gambling. It is true that churches have tried to discourage their members from participating in gambling. It is also true that this concern for the welfare of individuals has often arisen out of a pastoral concern with the tragedies of human lives. This is especially true where gambling has become an overwhelming force in a family where people have been left with so little economic security within our society that taking a chance on the big win appears to be their only hope.

Churches are well aware that ours is a pluralistic society in which no particular group could or should impose the ethical code for its members on all of society. Nevertheless, religious communities have something to offer to the debate on matters of public morality. Churches therefore approach this issue as a matter of ethics and corporate responsibility on the part of individuals, institutions and, in this case, governments to whom they, like other Canadians, give power and authority to act in the interests and wellbeing of all of us and our neighbours.

We enter the public arena because in the Christian community we draw on Jesus's call to love God completely and fully and to love our neighbour as we love ourselves. It is a matter of basic Christian discipleship to live in that way in so far as we are able. It is also a matter of discipleship to be alert, to watch, as the prophet Habakkuk put it, because there will be many times when our neighbours suffer or are neglected. Our Christian faith requires us to be sensitive to their needs and to make our love for others and for God concrete in life. Where communities suffer, they challenge us to love our neighbours on a large scale.

As Christians, we are not alone in our belief in the dignity and value of all people as well as in our responsibility to one another. Nor are we alone in thinking that what happens in human history matters to God or that people and nature matter to God. Nor are we alone in believing that people are accountable to God, the source of goodness and compassion, for everything they touch with their human power. God's goal for all of humanity is that all of creation will flourish. We are responsible for living before God in ways that spur creation towards that goal. We are at least responsible for not obstructing it. People of other faiths and ethicists of no faith have

come to similar conclusions.

On many occasions, governments too have come to similar conclusions. The entire body of international law, as well as much of our domestic law, reflects a moral consensus about what is good for the community and therefore what we will ask our civil authority, our governments, to do to help us collectively pursue the good society. Engaging the public debate on ethics and corporate social responsibility of this particular form of economic development is something we owe our neighbours and our children as well as God.

Thank you for allowing me this time this morning.

**The Acting Chair (Mr Kimble Sutherland):** Thank you, Ms Dietrich. We do have some time for questions.

**Mrs Marland:** Reverend Dietrich, I think you were in the room when the member who's now in the chair, Mr Sutherland, asked the previous deputation where the difference is, because churches do haveingos and certainly we're all aware that churches have their own forms of lotteries. I've bought enough tickets on quilts and stuff in raffles, which we all have. I'm looking for you to give us the answer to that challenge, which is, churches are in a form of gambling, all denominations—

**Rev Ms Dietrich:** I beg to differ with you on that, Ms Marland. The United Church of Canada is opposed to all forms of gambling. We do not participate in quilt raffles, and if we do, it does go against our grain. The United Church of Canada has been and is known in Canada for not participating in that kind of activity. Our members become creative then in the whole issue of raffling.

I will give you an example, and I am not speaking today on the churches that I serve here in Sault Ste Marie, but I know they would be happy for me to use their example.

East Korah United Church has a quilting group that has met for years and years, and they do excellent quilting for people in this community. They have been confronted many, many times on the basis of, "We could sell this quilt for \$1,000 if we did a raffle," but they know in their hearts that this is not right and that they would be going against the principles of the United Church of Canada. So they sell their quilts for less, at times, than a quarter of what they could be making at a raffle. So they come up with different ways of doing things. It may not create the income, but I can tell you that they live in peace a lot more so because of that.

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**Mrs Marland:** You actually jumped in before I asked you my question. I'm not saying that I'm opposed to what you've said here this morning, but what I'm looking for is the counter to the kinds of examples Mr Sutherland gave.

What I wanted to ask you, regardless of just the United Church position, because I certainly have

supported fund-raising efforts which involve raffle tickets and things at United churches in some parts of this province, but is the answer really between "gambling" in terms of what we're discussing in Bill 8, which is casino gambling—is the real difference between that and other fund-raising efforts of other community groups, be they churches or other community service organizations, the fact that when people go to a casino, there's no upper limit? There are some stages of what tables you sit at and so forth, but overall, you can sit at a machine for 30 hours straight, feeding it coins, if you wish, whereas these other forms of fund-raising for service and church organizations are controlled by the fact that people have to sell you a ticket. There just isn't the open-endedness of sitting in front of an idiot machine, throwing coins in it. Do you think that has any influence on it, or are you just opposed to everything?

**Rev Ms Dietrich:** We are opposed to gambling, and casino gambling falls into this category and so bingos fall into the category as well. I'm trying to glean what your question was. As a result of this here—

**Mrs Marland:** Is your concern greater for casinos because it's almost open-ended for that individual?

**Rev Ms Dietrich:** I think my concern is for all forms of gambling. Specifically now in the province of Ontario; I've seen what the sale of lottery tickets can do to a person, I've seen the results of what the sale of raffle tickets can do to a person from having worked with low-income folk. It's all the same, as far as I'm concerned.

**Mrs Marland:** You actually see people as compelled to buy a raffle ticket on small prize opportunities compared to even lottery tickets with multimillion-dollar prizes or continuous casino gambling?

**Rev Ms Dietrich:** I think the fact is that if we think we're going to win and if there is some compulsion there that is growing, it doesn't matter. We can buy quilt tickets until they're coming out of our ears and there's still that compulsion that is being built up, like, "I am going to win." Whether it's in casino gambling, whether it is in the purchase of lottery tickets, whether it's in what some people would call, "Well, it's just a friendly raffle ticket, it's just a local, friendly raffle ticket," gambling is gambling.

**Mr Martin:** Phyllis, you and I are certainly kindred spirits on a whole lot of things, but on this one we differ. I just wanted to share some thoughts with you and let you know that there are people within our caucus who have struggled with this and have come to their decision based on some, I think, good thought and based on some of their own experience.

My own experience—I'm a practising Roman Catholic, and you and I spent a bit of last Thursday at the soup kitchen with a concern for justice and the poor. I come out of a Christian denomination that for years



bingo was part of what we did. It was almost part of the culture, and certainly in this diocese we ran our high schools for a number of years on the proceeds of the Pot of Gold lottery.

So that's my history, my experience, and I bring that to the larger question of gambling in society and those kinds of things. I know that over the years our ethics in terms of the economy—it used to be that you didn't buy anything unless you had the money to pay for it; now we're into credit in a major way. I gambled a year ago: I bought a new house, not knowing if I would have a job in two years that would allow me to pay for it. I dare say that the folks who came to our country many, many years ago, many of them strong, practising Christians, gambled on free land and many of them died because of that gamble, and so we continue.

The other day I asked the chief of the Ontario native folks, the Indians, Joe Miskokomon, why he could so strongly support gambling in his communities. He said that the level of poverty was so great in his communities that the hierarchy of principles for him was to get his people jobs, and this was one opportunity for him to do that. That adds to my thought process.

The other thing is that there's some reference to the fact that the poor gamble more than any other level of our society. Certainly, the figures that come out of the lottery corporation say that they don't. They certainly have their percentage, but it's no different than any other strata or level, according to their figures. So, having said all that, Phyllis, I guess we'd like some response.

**Rev Ms Dietrich:** As Mr Martin said, you know, we're kindred spirits in a lot of aspects, and I don't deny that at all. I guess what I'm saying is to take what I have said into consideration before moving ahead on any more reform to Bill 8. I guess I understand that because there are so many things in life that are a gamble, if I'm going to use that word, and I understand that a lot of the good things in life that I could have would be dependent on because somebody has gambled.

For example, because of another group that I have connections with, let's say I need good equipment for mammography and let's say a group has raised money and it has been matched because of gambling revenue. Is that going to stop me from using that equipment? Probably not. I'd want to use whatever was available. Will I participate in that kind of activity in order to have a particular piece of equipment that can be health-saving or life-giving? I probably would not participate in the activity. I may make a contribution to the purchase of that, but I would not participate in that. So for us it's constantly—we have questions we need to ask all the time about this. So that's where I'm at on this.

**Mr McClelland:** I would invite your comment with respect to the fact that I have asked the parliamentary assistant if the government has commissioned any

studies that would indicate the downside effect, the impact on the potential compulsive gambler—data show that between 5% and 7% of the population are potentially compulsive gamblers—anything with contingency plans that are well established and thought out. We were told last week that there is a plan to develop a strategy to deal with the problems, and we're not sure what "a plan to develop a strategy" means.

When Coopers and Lybrand, the organization that you all know was commissioned and paid a quarter of a million dollars to put together a study, were questioned, they responded to me that any of the downside social effects or socioeconomic impacts on the negative side of the ledger were out of the purview of the terms of reference that they were given. I simply say that in terms of your comment earlier on about responsibility to measure the consequences.

I wonder if you would like to comment any further on that, and with respect to the need that, in the apparent reality that casino gambling is coming to the province of Ontario, given the agenda of the current government, there are going to be some problems. We need to have, it seems to me, a commitment to have the attendant support systems in place, and what we have now is a plan to develop the strategy. Any comment?

**Rev Ms Dietrich:** I'm glad there is some sort of plan. I'd like to see the plan myself—

**Mr McClelland:** So would we. We've asked for it.

**Rev Ms Dietrich:** —because I know that not just myself, but through the London conference of the United Church of Canada as well as our church and society of the United Church of Canada, we'll want to see this so that we can make some sort of input as to what is the contingency plan for the compulsiveness as a result of this.

**Mr McClelland:** I note that the plan is being developed and the studies are coming after the fact, after the decision's been made, which is I think an interesting chronology.

**The Chair:** Thank you for presenting today.

This committee is recessed until 1 pm sharp.

*The committee recessed from 1142 to 1301.*

STATION MALL MERCHANTS

**The Chair:** Our first presenter this afternoon, representing Station Mall merchants, is Hans Geenen. You have 30 minutes within which to make your presentation and field some questions.

**Mr Hans Geenen:** I can guarantee you I won't be taking up 30 minutes. My presentation is short, concise and to the point, and hopefully I can entertain some questions after that, if you have some.

First of all, thank you for providing us with the opportunity to voice our support of your efforts in bringing casino gambling to Ontario. While I strongly

feel that Sault Ste Marie would have been a far superior setting for initiating the project, I applaud your efforts in coming to the consensus that the gaming industry is here to stay, and that as an economic stimulus, it's imperative that communities such as ours come to accept and capitalize on its growth.

My name is Hans Geenen. I manage a shopping centre here in Sault Ste Marie, consisting of over 130 stores and services and located right in the downtown area. Our centre consists of about half a million square feet of gross leasable area and generates spending of close to \$100 million each year. We pride ourselves in maintaining a pretty low vacancy rate. As I'm sure you can imagine, we've struggled through some very difficult times lately but still managed to maintain a fairly low vacancy rate.

Considering that cross-border shopping has drained upwards of \$130 million from this community on an annual basis, and our sales being about \$100 million a year, you can see the magnitude of the impact that competition in a border city can have. I don't know if you're very familiar with Sault Ste Marie, but if you can imagine, if that \$130 million was not going over on the other side, Wellington Square would not have a vacancy, Queenstown would not have a vacancy, we would be completely full, and Cambrian Mall wouldn't have a vacancy. So that just gives you an idea of the number of sales it takes to support a shopping centre of our size and the number of retail establishments that it can support. So that's a fairly sizable number of dollars going over to the other side. Add to that the fact that Sault Ste Marie, Michigan, boasts only a fraction of the population, and you come to understand that it relies heavily on the Canadian resident for its livelihood and is limited in providing a reciprocal trade to offset the significant drain on the community.

The cross-border issue is still here. It's not gone away and it will not go away until we learn to compete as well as our US counterparts. When considering a gaming industry, it's absolutely necessary that the issue of cross-border competitiveness remain the focus of any of your efforts.

In large part, a shopping centre such as ours relies heavily on customer traffic and a very vibrant tourism trade. Being located in the downtown area, being located next to the Agawa Canyon tour train, which you've all heard of before, it's imperative that that tourism trade remain and that we can capitalize on it.

We feel a casino can form a stimulus for tourism traffic, enhancing hotel occupancy and in turn creating additional traffic for stores and services. The many positive effects that such an attraction can have are witnessed by the growth of this industry in our sister city, Sault Ste Marie, Michigan. I trust all of you who are visiting here today appreciate what it's done for Sault, Michigan, what it's done for their economy, and

if you haven't been there, I urge you to take a visit over there, because that will tell the story in itself.

The decision on locating a casino downtown is commendable since you obviously understand the need for spinoffs from such an attraction. We at Station Mall also want to capitalize on such an attraction. We anticipate that with its introduction into this community, we will see a significant increase in traffic which results in an increase in sales and results in an increase in employment within the mall.

However, my only fear with the introduction of gaming in this province is that we don't forget one very important thing, that being that the gaming industry can't be restricted to bricks and mortars within the confines of four walls. The industry must flourish within the infrastructure that already exists in many communities. It must be competitive and every bit as attractive to a prospective visitor or customer as our competitors. Your legislation must reflect this competitiveness and ambiance that other communities that use gaming facilities—ie, Sault, Michigan—use for their lure, and how they use it.

Your acceptance of the gaming industry as an economic stimulus is encouraging. However, we can't inhibit its growth within the marketplace we find ourselves in. We absolutely must be better, we must be more accessible, we must be more attractive and certainly more customer-oriented, as our competition is. Thank you.

**Mr Sutherland:** You talked about a casino being a stimulus. You don't think the casino will solve all the economic woes of Sault Ste Marie?

**Mr Geenen:** It will not save us, okay? It's a key for generating more economic growth in this community. We certainly have the attractions that have the ability to attract traffic from as far away as eight hours' drive; ie, the Agawa Canyon tour. I think the casino can certainly complement that. I don't think it can replace it.

**Mr Sutherland:** So it's just one part of an overall strategy.

**Mr Geenen:** It's part of our tourism strategy. I think it complements it. We've got a pretty vibrant tourism business already and I think it can enhance it. It can make it that much more special.

**Mr Sutherland:** Do you have any concern about any negative side-effects?

**Mr Geenen:** From a shopping centre perspective, no. I see it as a real plus, the fact that we are heavily reliant on traffic. I can't say that I would dwell on the negatives. It has worked in other communities. It's certainly worked across the river on the other side. From the things that I've seen happening there, and especially with the province being involved, with the amount of legislation and the regulation that's associated with this type of industry, I'm sure it will be well thought out; I'm sure it will be well policed. I read the



executive summary that was prepared for you, and obviously a lot of the things that have been concerns in other communities have been addressed. There will be some negative impacts, ie, from a social standpoint, but I'm sure they will be dealt with, just like everything else.

**Mr Martin:** Good to see you again. I'm really happy that you came forward to make your submission.

I was in Windsor two weeks ago for a week as part of this process and certainly was caught up somewhat in the excitement and the energy that's been generated down there by this casino coming. However, there was a continual raising of the issue of crime and the impact of that on the downtown: "Will it make it an unsafe place to wander around?" and all that kind of thing.

I don't go across to Sault, Michigan, much any more, for obvious reasons—politically, not a wise thing for me to be doing.

**Mr Geenen:** They don't like to see me over there either any more, Tony.

**Mr Martin:** Yes. But you, I'm sure, as a businessman, are cognizant of the impact this has had on the community of Sault, Michigan. What has it been, from your experience, re the whole question of a rise in crime or a change in the atmosphere of the downtown of Sault, Michigan?

1310

**Mr Geenen:** The way I see it right now, Tony, as far as the crime rate within Sault, Ontario, is that with the increase in unemployment and with the increase of people on social assistance, we in the shopping centre have seen a drastic increase in the number of shoplifting cases, the number of evictions within the mall, people who have nothing to do and usually end up in trouble because of that. I see the casino as a stimulus. It creates employment. It creates traffic. It creates increased visitorship to Sault Ste Marie.

As far as the Sault, Michigan, side, I'd be interested to know how many people have been over there, because the clientele it attracts is totally contrary to what some people may think. As far as the people who are over there in terms of the tourists, they are average-income individuals. They are not—I don't know how you'd categorize them, but it's a well-to-do clientele. It's people like you and me who end up spending time over there. It's entertainment.

I feel very strongly about the fact that the gaming industry as I perceive it and as I see it flourishing is an entertainment industry. It isn't just playing blackjack and it isn't just pulling on a slot machine. It's the restaurants that go with it. It's the ambience. It's the entertainment. It's the big-name shows. If you go over to the other side, to Sault, Michigan, you can appreciate what's happened over there. What started off as a small room, you know, maybe three times the size of this one,

has developed into an attraction.

I was involved with the Agawa Canyon tour train for a number of years. I did the marketing for that tour train for eight years. Sault Ste Marie, Michigan, used to capitalize on our tour train as far as the accommodations industry is concerned. There wasn't a motel operator in Sault Ste Marie, Michigan, who didn't utilize our attraction to generate traffic to his or her place. They used to advertise their motels and the fact that they could get Agawa Canyon tour train tickets in order to grab people and bring them up to Sault, Michigan. You don't see that any more. They all offer Vegas Kewadin packages. You don't even see the tour train mentioned. At one time, you would swear that tour train left from Sault, Michigan, as opposed to Sault, Ontario. That's how they were able to utilize it to generate traffic. They have done the same with Vegas Kewadin. It has literally taken over as far as the packaging end for motel operators on the other side. It's affected our traffic at the same time.

**Mr Martin:** What has it done, Hans, in terms of other investment in the city of Sault, Michigan?

**Mr Geenen:** All you need to do is go over there. Wal-Mart, Harvey's, Wendy's: all the economic spinoff that you see there has a lot to do with the renewed stimulus that they have in the community. The cross-border shopping issue had a lot to do with it too, by generating the amount of dollars that it did, but at the same time, Sault Ste Marie, Michigan, now has an attraction of its own which they never had before. They used to utilize the tour train as their attraction. Now they have a casino and they're making full use of it.

You have to give them credit for what's happened over there. It's developed fairly well. Like I say, I've had the opportunity to go over there a number of times and I'm impressed. I really am.

**Mr Monte Kwinter (Wilson Heights):** Mr Geenen, I apologize. I wasn't here earlier this morning, so the mayor or the development corporation or the chamber of commerce may have covered this, but something you said was interesting to me. The impression I got, and correct me if I'm wrong, is that the bulk of the people who go to Sault Ste Marie, Michigan—that their economy is really based on Canadian tourism, Canadian cross-border shopping. Would you say that is also true of the people who are using the casino?

**Mr Geenen:** No. I think it started off that way, okay? However, they in time have realized the potential of that particular industry and they've reached out as far as Detroit down south. They've reached out, and by working with tour wholesalers, they've managed to put packages together. They've become very aggressive in marketing the casino and realize that it had the potential of attracting people as far as eight hours' drive away.

Once they realized the attractiveness of what they

were offering, they obviously enhanced it a little bit by expanding, by creating new games, by adding a hotel, by adding a restaurant, a lounge or the big-name entertainment which started about six months ago maybe. It's been allowed to grow in that two- or three-year period to what it is right now and I think now has become the stimulus that has helped their economy.

As of December 1, when the dollar changed significantly as far as its relationship to the US dollar, the cross-border phenomenon dropped substantially. It just wasn't there any more because it became that much more expensive to shop over there. It was our saving grace come Christmas time. We had an extremely good Christmas, mainly because we challenged them head on in terms of the marketing we did, but at the same time the dollar had a lot to do with it too.

I believe the casino over there can't rely on the cross-border thing all the time, okay? They have to reach out to other areas. They just can't rely on the Sault Ste Marie traffic, depending on where the dollar is. They've reached out and they realize they need *x* amount of people to keep that thing going, managed to make deals with wholesalers, managed to make deals with motel, hotel operators on the other side in order to get their message out.

**Mr Kwinter:** You also estimated you were losing about \$130 million a year to cross-border shopping.

**Mr Geenen:** That was the study commissioned by the chamber of commerce.

**Mr Kwinter:** Okay. The point I want to make is that under the proposal and the projections that were made by the Ministry of Consumer and Commercial Relations—and it's using the test casino in Windsor—the feeling is that the government of Ontario will take 20% of the net profits. Their estimate is that the 20% is going to be somewhere between \$120 million and \$140 million a year. That's the government's share, which implies that the total net profit of the casino that's projected for Windsor is going to be in the \$600-million range.

That is money that is going to come out of the economy and is going to go to the consolidated revenue fund. It's not going to the city of Windsor. I shouldn't say that; the \$110 million to \$140 million is going to go to the consolidated fund. The other \$400-some-odd million is going to go to the investors.

I have two questions: One, if a casino was to operate here and take that amount of money out of the economy where you're not going to see it—you're going to see some of the peripheral benefits of people coming in and gambling but, still, there isn't a bottomless pit of money. There's going to be \$600 million, give or take, depending on the size of the casino, if there was one in Sault Ste Marie, that is going to be taken out of the economy.

Secondly, you're going to have a situation where you have a casino in Sault Ste Marie, Michigan, you will have one in Sault Ste Marie, Ontario, and they will be competing with each other. The one in Ontario will not have craps; it will not allow drinking in the casino; it will probably, if it uses the same model as they use in Windsor, have limited accommodation and restaurant facilities; and it will be right across the border from Sault Ste Marie, Michigan, which is not going to see its golden goose threatened and it will just keep upping the ante with the freedom it has that we're not going to have here. How do you feel that's going to impact on what is projected?

**Mr Geenen:** Negatively, and this is why I mentioned we have to compete at their level. We have to do things just like they're doing, okay? I don't totally agree with some of the proposals that are being made, ie, no drinking at the tables, limited restaurant, dining facilities within the casino. I think I look at that from a personal perspective more than anything else, okay? Anything that will enhance traffic to this community will be of benefit to the merchants that operate within our premise.

However, I feel that, unless we're prepared to look at the cross-border issue, unless we're—we can't draw that line any more. There are no more borders. It's a line on a map, okay? We must compete with our counterparts on the other side of the bridge in retail, in the restaurant business, in the hotel business, and very much so in the casino business. We will have to compete with them. Yes, I do have some problems that we must be competitive and we can't restrict ourselves on certain things. That's the game we're looking at getting into, okay? In order to win, we have to be the best. Does that answer your question or am I skirting around it?

1320

**Mr Kwinter:** No, no, it does. It also begs the other question. You're talking about you now draw people from eight hours away. In terms of the proposal, although it is contemplated initially that there will only be one in Windsor, I for one believe that is not a practical sort of a policy. You either are going to allow casinos or you're not. You may have a pilot to try to iron out some of the problems but, before you know it, it would seem to me—why are we here in Sault Ste Marie if it isn't something that is being contemplated?—there'd be one in Sault Ste Marie. The city of Detroit is not going to sit back, the same way the city of Sault Ste Marie, Michigan, isn't going to sit back and just let it happen, so Detroit will have a casino. Invariably, Toronto will have a casino. Some Indian bands will get together and start running some casinos and, before you know it, the casino will not be the unique thing that it is right now.

Then you're in the same kind of cross-border, competitive marketing of any other tourist attraction and any other wealth generator. It neutralizes itself because:



"What's the big deal? You've got a casino. We've got a casino. We'll do a better job than you will because of"—whatever. "We have more resources. We have less stringent regulations, things of that kind." Do you have any comments on that?

**Mr Geen:** Yes. The other thing I noticed was Sudbury and North Bay were being considered also as far as casinos go. I know from personal experience that I've had people come here from North Bay on regular visits to visit their stores or whatever, and while they used to visit once a month, they increased that to two times a month because they like to go over to Sault Ste Marie, Michigan, and try their hand at blackjack. No, seriously. It's an attraction that we have for them, to make their visits obviously a little more timely and certainly on the increase.

**Mr Dadamo (Windsor-Sandwich):** More exciting.

**Mr Geen:** And more exciting, yes. I think I look at it from a tourism perspective that same way, that we need to have something fairly unique that complements the tourism traffic that we have already and complements the tourism attractions that we have already, but it still has to be sort of unique.

**Mr Kwinter:** That's my point: What happens if it loses its uniqueness?

**Mr Geen:** I don't know. I really don't have an answer for you, okay? Right now, I look at it as—

**Mr Kwinter:** I mean, your North Bay businessman who comes here twice as often because—

**Mr Geen:** If he's offered the same thing in North Bay, no, I'm sorry, he'll reduce his visits to once a month. I think we have to be very selective as far as the sites are concerned in order to generate that tourism dollar. If 10 years down the road there's a casino on every street corner in every city in Canada, obviously there's no uniqueness any more and I'd be a fool to even suggest that. But I'm talking about today and I'm talking about immediately, or at least around the corner; there's an opportunity there. I look at casino gaming as an opportunity that people on the other side of the border have seized on and obviously it's worked to their benefit. If we strongly feel that we want to get into that type of business, then it's imperative that we look at what they've done over there and we basically do better than what they've done.

**Mr Carr:** Thank you very much for your presentation. I was interested—maybe you could give us an idea of what your vacancy rate is now and if you were to get a casino. Let's make a big assumption that they're going to do it properly. You talked about some of the things, the liquor and the restaurants. If they do it and set it up so it's a fine, well-run casino with lots of people coming—what is your vacancy rate now and, if you get a casino, what do you think it'll go to?

**Mr Geen:** We're very fortunate. We've just

finalized a couple of deals and we only have one vacant store out of 130, so we've been very fortunate.

**Mr Carr:** You are a good marketer.

**Mr Geen:** Yes, we have been. I agree. Some of the other shopping centres in—

**Mr Carr:** What about the Sault in general?

**Mr Geen:** The Sault in general, depending on what kind of traffic they generate, depending on how well we do what we're going to do in terms of establishing a casino here, how well it's marketed, who will be involved—are the hotels prepared to offer packages as far as the casino? What do they see in increases in terms of room nights? Then I can give you a good appreciation of how it will affect us. We're totally reliant on traffic in a shopping centre. I'm sure you're all familiar with the shopping centre philosophy and how it works, and we are totally reliant on traffic.

So if we generate 20,000 people a day, which is what we're looking at right now—this is what we do on a normal day. We generate about 18,000 to 20,000 people a day, which generates sales of close to \$100 million a year. If I can increase that traffic to 25,000 people a day, I can guarantee you that those sales will increase proportionately to the number of people who come through the centre. It's just part of the business and how it works.

By increasing our visitorship to Sault Ste Marie by use of a casino or having a casino as a key component of the tourism business, if it attracts an additional 100,000 visitors to the Sault over a three-month period, then I would anticipate that I'm going to get a portion of that traffic in the mall, whether it be to go and buy a toothbrush in between games or whatever. But I anticipate additional traffic into the shopping centre. Again, if I see the increased traffic into the centre, it will increase sales.

**Mr Carr:** With only one store vacant in a tough market in retail, I think maybe we should have you involved in the marketing if the casino gets up.

**Mr Geen:** I keep telling my boss that, too.

**Mr Carr:** In addition to your job, too. That would just be extra.

I was interested in one of the problems we've got in hearing the people in Windsor, and I'll just give you an idea. In order to sell it to the people of Windsor, what they said was: "We're going to limit the restaurants so there'll be a lot of spinoff, people going out to restaurants. We won't have liquor in there either." One of the problems is, and I think you hit it in a nutshell, they haven't asked the consumers and from a marketing standpoint, what do the gamblers who are going to come across the border want?

One of the concerns is they're going to set it up so that the first time somebody comes from Detroit to Windsor, for example, and finds out they can't have

liquor, the restaurant's packed and they're told, "You have to go down the street," they're going to say, "This is Mickey Mouse and I'm never coming back."

If they don't do it properly in Windsor and the Sault, if you get it, and don't set it up with the things that attract, like the liquor and the restaurants, do you think then, with the increased competition, that the casinos have a potential to be a failure if they aren't set up properly from a marketing standpoint?

**Mr Geenen:** Yes, I do.

**Mr Carr:** One last question relates to the traffic, and I really appreciate what you've said about the traffic. The one thing I would caution you—and I say this not to be political about this government, but any government—watch the figures they give you in terms of increased traffic. In Windsor, they've said that 80% of the visitors will be from the US and they're anticipating, with their size, 12,000 new visitors a day. If we look at it proportionately, can you see people who are coming over, again from a marketing standpoint, that people who are gambling will be spending a lot of money in retail, or do you think it will be just the restaurants where they need to eat? Do you think, with the dollar and all these other factors, they will be going out to buy a shirt or a new pair of shoes and so on?

In other words, what I'm getting at is that we think there'll be some economic benefit, but with the dollars and the cost and everything else, we may not. They may have come over to gamble and leave their money in the restaurants, but do you think retail will really take a good hit? I don't know what exact numbers, but do you think we can really attract retail spenders from the US?

**Mr Geenen:** First of all, the tourism traffic that we generate to Sault Ste Marie—and I'm not going to pinpoint exact figures, but it's probably a 75-25 split: 75% of our traffic that comes to Sault Ste Marie is US-based; only 25% is domestic traffic that we get here in Sault Ste Marie.

One of the things we've found over the years was that, in a lot of cases, it's usually the female of the family, the wife of the family or the mother, who plans the vacation and makes the final decision as far as, "Where are we going for the summer, dear?"

The way I see it happening is that we have one pretty good attraction already which has generated a fair amount of visitors to this community, ie, the tour train. Once the decision is made to come to Sault Ste Marie to take in an attraction, ie, the Agawa Canyon tour, the father is usually the difficult one to convince that he wants to go and ride on a train for eight hours. But if the casino is located in close proximity to the tour train, it makes decision-making on his part that much simpler.

**Mr Carr:** The wife does marketing on the husband, in other words.

**Mr Geenen:** You got that right. Who's to say that

one-day trip to take the Agawa Canyon tour will not result in a three-day stay whereby father can go and sit in the casino and play some games for the day. They may go up on the tour train one day. He may go to the casino the next day, and mom goes and buys the kids back-to-school clothes, for that matter.

They all complement each other and they all thrive on each other, and I think we have to look at the makeup of the gaming industry. You have to look at the mentality that's out there right now in terms of planning a holiday or planning some time away and letting loose, and I think gaming or a gambling casino, call it what you may, is now a component of going away for a weekend. I've seen it happen too many times.

**Mr Duignan:** Mr Chair, a point of clarification for all committee members: Mr Kwinter raised the point that the government was saying 20% of net revenue. It's in fact 20% of gross revenue and all of the net revenue. That's the government take on the casino issue. It's 20% of gross and all of the net profit.

**The Chair:** Thank you for that clarification.

1330

#### CAREN CARES GARDENING SERVICE

**The Chair:** Our next presenter is Caren Kernaghan. You have 30 minutes to make your presentation and field some questions from the committee members.

**Ms Caren Kernaghan:** It will never take that long. I speak much faster than that.

**Ms Kernaghan:** Thank you for the opportunity to speak before this committee. I've changed this in a few places, so you'll have to bear with me.

I'm definitely in favour of having a casino in Sault Ste Marie. I've lived here all my life and I feel that because of this, I'm a better judge as to whether or not we should have a casino here, mainly due to the fact that I've been able to watch day to day how the casino has changed Sault Ste Marie, Michigan. It revitalized a city that was facing economic crisis, just as Sault Ste Marie is now.

This story now takes you across the International Bridge and 20 minutes down the road to Vegas Kewadin, a tremendous success story in itself, but also the salvation of the city. I'm referring to Vegas Kewadin. This casino has had two expansions from its main building since it opened in 1984.

It presently employs over 2,200 people, many Canadians, native and non-native, but has created over 3,000 jobs within the city in its hotel, motel and restaurant industries. What kind of dollar figure are we talking? When I asked them for some figures, only early, lean-year figures were allowed to be given. A lean year was \$90 million. I'd like to be that lean in my business.

But to put \$90 million in perspective, I obtained records from Algoma Steel Corp, its net profits for the past 15 years. Just five years ago, Algoma Steel had a



net profit of \$81 million and employed 9,000 people. In 1978, its net profit was \$77 million and it employed 11,000 people. This is slightly unfair, as I compared gross revenue to net profit. Algoma Steel now employs 5,000 people after restructuring, and a net loss of \$161 million. We need help.

The lean-year figure was used, but an ambiguous and unconfirmed figure of a more recent gross figure is that of \$200-million-plus as their gross revenue. Not bad for a business only nine years old. Bear in mind, 60% to 75%—and that is their figure—of the gross revenue comes out of Canadian pockets. We're talking here about a number one industry, with the possibility of generating as many jobs as Algoma Steel once had and an opportunity to give our city a second chance for life. Keep Canadians working in Canada and take many of them off the welfare roll. Make them taxpayers, not tax users.

Our three main employers: Algoma Steel, St Marys Paper and the ACR, the Algoma Central Railway, are all going for a royal flush, and I don't mean in poker. We need a tourism industry like a casino as another drawing card to Sault Ste Marie to complement what we already have to offer. It would give us a fighting chance.

You know what the irony of Vegas Kewadin being such a success really is? I quote my reserve source: "To market our casino successfully, we use Sault Ste Marie, Ontario, in all of our brochures as a promotional aid to bring people to the casino. We promote Searchmont, the tour train and your close proximity to the natural resources of the north, fishing and hunting etc." He said, "All we have is the casino."

Our economic development corporation is always looking for investors. Sault Ste Marie, Michigan, wasn't even looking for any and now they have a gold mine—pardon me, I mean a casino—and they have them beating down their doors. Their biggest problem is who to let in first.

To allow Sault Ste Marie to have a casino would open the door to total economic recovery—well, just about. The government would also have a chance to recoup some of its lost tax dollars that our number one industry was able to provide for so long.

Choice of towns for a casino: Let's keep in mind the basic philosophy I know most people live by. You give to those who have not before you give to those who have. That kind of puts Sault Ste Marie, Ontario, at the top of the list. After all, Sudbury has its piece of the gambling action with Sudbury Downs. Besides, that's a billion-dollar industry, not a million-dollar industry. You don't want to mess with that.

Toronto: To quote the recent newspaper, "Let's put three there." You don't have to be a genius to know that they have the largest population base to draw from, but

do they need it as much as we do? I think Sault Ste Marie, Michigan, has already proven for us that the money in the multi-million dollar figure is available to us right here, because we both have the same market. Only a bad gambler would put one where the market hasn't been proven.

The race for a casino: There will be a casino here. The question is, who will have that pie? I know the native population will put a casino up, just like the Chippewa in Sault, Michigan, did. The Sault, Michigan, natives have offered to help put one up, organize it. They even want to work with the Canadian government. They told me that. I said, "How are you intimidated by us having a casino?" "We're not. The more people Sault Ste Marie, Ontario, can draw to Sault Ste Marie, the more business we'll have." That was a direct quote from one of the reservation officers who runs the reserve.

How much is the government's cut of the pie on a reserve-run casino? If the government isn't willing to take the gamble, then at least make it legal and designate Sault Ste Marie as a number one proven location for a casino and let private enterprise run with it. In this community, we can't hold off much longer for a decision on what to do with our unskilled labour force and unemployed. We keep sending them back to school and training them for high-tech positions that will never be available in this city.

My summary: We have a proven area where we know casinos work. We have an economically depressed city that needs to be revitalized. We have an opportunity to replace lost tax dollars and put people back to work. Opportunity is knocking. Are you going to answer the door?

1340

**Mr Phillips:** I'll start off with your presentation and I'll just follow up with a question that my colleagues asked an earlier presenter. I gather from comments made earlier that somewhere between 20% and 30% of the revenue from this will go to the province and it will take a fair chunk of disposable income out of people's hands. Is there any concern at all that it's money that will not be spent in the other businesses in Sault Ste Marie? Has that been an issue that's been raised?

**Ms Kernaghan:** I don't think it will really directly affect the fact that it won't be spent—there will be so much more spent than what is spent now. Anything will make a difference, will help.

**Mr Phillips:** I'm always curious that if people don't have disposable income now, because we look at retail sales and all those sorts of things, how will they have incremental disposable income? It seems to me this is the place where you will spend your disposable income, here, or you'll spend it on clothes or you'll spend it on something else. Your recommendation is that this is a good place to spend disposable income, in the gaming area.

**Ms Kernaghan:** I can't say whether or not it's good, but it's good for me. I enjoy it. It's entertainment to me. My husband calls it my diet. If I kept that \$40 that I spend over there over here, I'd eat it, and he doesn't like me being fat. But besides that, you make your choices in life. You know, we all sacrifice something somewhere along the line.

**Mr Phillips:** Yes. I'm trying to figure this one out in my own mind, because I gather we're talking about hundreds of millions of dollars of disposable income going here rather than potentially in other business areas. As you look at this proposal, this is a better place for disposable income to be handled than in a—

**Ms Kernaghan:** Right.

**Mr Phillips:** I don't know what the alternatives would be; other tourist attractions, I guess.

**Ms Kernaghan:** To think that they use us totally to market themselves, and they are willing to admit that, I think tells us something. We are all drawing on the same market. They got people in from Sudbury and from Detroit and all over the place, because I sit with them, I talk to them. They have all walks of life. They have everybody from the poor to the rich, but it's a social gathering.

Casinos seem to upset everybody so bad, and yet who hasn't played cards with somebody, even if you played cribbage? You go to the legion, you go to a cribbage tournament. As soon as you put a dime down, we're gambling again. There's nothing bad about it. I see it not just as a casino and a gambling place; I see it as an entertainment place. In this city, we have no place for my age group to go. We can't afford to bring in entertainment, and I see a casino as being able to do it all.

**Mr Phillips:** There's been some discussion about the casinos perhaps not having the right to sell alcoholic beverages or to have entertainment, and to have some limitations on the games that can be played. Do you have a view on whether that's a good idea?

**Ms Kernaghan:** Yes. I think it's a rotten idea, real rotten. If we don't compete with them every step of the way—as a matter of fact, because I go there so often, I could tell you how to better the place. Really, I could.

**The Chair:** Can you give us any pointers?

**Ms Kernaghan:** I could think of at least six different spinoff businesses that I would like to start myself if I had the money.

**Mr Phillips:** I'll bet you'll be successful at it.

**Ms Kernaghan:** We've got to compete with them every step of the way. That includes drinking, that includes craps.

**Mr Phillips:** Is entertainment an important function?

**Ms Kernaghan:** I think entertainment alleviates that total gambling place issue. You can take your wife out to dinner to a really nice place, have dinner and also go

and see the entertainment. If you wanted to go to the casino area, that's your option too, but you don't have to do that terrible thing.

**Mr Phillips:** The concern that some have is that by permitting a casino to do all of those things, you are cutting off the opportunities for the other businesses in the area, the restaurant businesses, the bar businesses, the entertainment businesses.

**Ms Kernaghan:** I don't think so. When you have a drawing card like a casino, it's not that big that it can accommodate—it's a growth industry. Everything grows. I mean, it cannot accommodate the number of people who would be interested in coming here. Let's turn the tables on the United States and tell them, "Thanks, but we'll market our own but we'll also have a casino too."

**Mr Kwinter:** May I have a minute?

**The Chair:** Actually, you've used a couple of minutes more than you should have. I'm sorry. Mr Carr.

**Mr Carr:** Take a little of my time.

**Mr Kwinter:** As someone who admits to gambling—and I'm not saying it in a negative way; I mean, you go over and you enjoy it and you say this is your diet—tell me this: If a casino is established in Sault Ste Marie, Ontario, and the one in Sault Ste Marie, Michigan, continued and the one in Ontario did not have craps, did not allow you to drink, as somebody who lives in Sault Ste Marie, would you frequent the one here or would you go there?

**Ms Kernaghan:** I would go here because it wouldn't make any difference to me. I don't play craps and I don't drink and it would save me bridge fare.

**Mr Kwinter:** Yet you say we have to compete.

**Ms Kernaghan:** Yes, I'm a non-drinker and I don't play craps, but there are a whole lot of people in this city who do, because I see them over there.

**Mr Carr:** Thank you very much for a good presentation. Just so you know, I think one of the reasons they help sell the people of Windsor is by saying that by not having any liquor in restaurants, people will go out and spend in the community. I think you'll see them being allowed, and I think the parliamentary assistant may be able to clarify, but I think through the regulations they can do that. They can decide tomorrow that they will allow it, so I think they will. But I appreciate your comments and being honest in saying this is what you need to do and if you don't, it will be rotten.

I was interested, on page 3, where you talk about Toronto and you seem to be saying, not in the actual presentation but in the ad lib with the horse racing and so on—and I have some of the concerns, as Monte did—that the more we have, the less people will come to the Sault, because the people in Toronto won't if they've got three to come from. Do you think the government should restrict the number and include the



Sault so that we can get the economic impact in an area that's had some problems economically, but we shouldn't water it down by putting one in Ottawa and Toronto and—

**Ms Kernaghan:** Most definitely. You should give to the have-nots before you give to the haves, and Toronto isn't suffering like Sault Ste Marie is. Like I said, with three major industries going down the tubes really fast here and cross-border shopping, I mean, we've got to put something here. We've got to do something.

**Mr Carr:** That may also help because, as you know if you've been following, one of the big concerns in rural Ontario is the horse racing industry, and in Toronto that could potentially damage Woodbine and so on. That wouldn't be the case here.

**Ms Kernaghan:** Definitely.

**Mr Carr:** It's kind of tough with somebody from Niagara Falls here, but what about a situation like Niagara Falls which is in the same boat economically, cross-border too? If you were the government, where would you put them? And the number: How many would be an ideal number and where would you put them in the province?

**Ms Kernaghan:** Really, I would take the figures from their welfare rolls, their unemployment rolls and how badly industry is suffering in each place, which one is really going to hit bottom first.

**Mr Carr:** So if we had like a Windsor, which is a border town, and Niagara Falls and the Sault, say, and got rid of the Toronto and Ottawa, that would probably be the best situation for the people in the Sault?

**Ms Kernaghan:** Right.

**Mr Carr:** Okay. Good. Just in your own business in gardening—

**Ms Kernaghan:** I didn't mean to do that.

**Mr Carr:** No, that's fine. We're going to give you a little bit of publicity here, the gardening services. Hopefully, with the ability you've shown here, I'm sure you're doing very well because obviously you can market things very well.

Having an economy that is thriving is obviously beneficial to you; the more people who are employed, the better.

**Ms Kernaghan:** Yes, because they buy homes.

**Mr Carr:** Sure.

**Ms Kernaghan:** That's right, or they want to sell homes. When the market is good, they want to sell them but they want them to look good first. That's right.

**Mr Carr:** So you see the spinoff.

**Ms Kernaghan:** Oh, definitely.

**Mr Carr:** Industries like yourself, which most people will think were not related, will be spun off?

**Ms Kernaghan:** I can think of half a dozen businesses that could start immediately that would bring more people here. You could actually go and get them and bring them here.

**Mr Carr:** Being, as you say, somebody who is sort of an expert in it, if we set it up and marketed it well—you said you'd probably stay here because you don't drink and it's probably closer than the bridge—do you think we would be able to draw some of the Americans who are now presently going to Sault, Michigan?

**Ms Kernaghan:** Certainly. I talk to them all the time. I'm an ambassador for Sault Ste Marie constantly, and they always ask me what else is available, like: "I'm tired of this place. We were here for three days and we've done this all day and all night. Now where can we go? What can we do?" So then you sell Sault Ste Marie, but then there's only so much you can sell them. There's still more. We have the potential. They have the casino, but we have got the drawing cards.

**Mr Carr:** We do have so much more to offer, and so what you're saying is, "Just give us the equal footing of the casino and then the rest will take care of itself."

**Ms Kernaghan:** Right.

**Mr Carr:** Okay. Thank you very much.

**Ms Harrington:** Can you stay with us for another—

**Ms Kernaghan:** Thank you. Oh, I'm sorry.

**The Chair:** Thought you were done, eh?

**Ms Kernaghan:** Yes, I did.

**Ms Harrington:** Caren, thank you very much for coming. Tony tells me you have a very good business and it's an environmentally friendly lawn service?

**Ms Kernaghan:** Yes.

**Ms Harrington:** Sounds good to me. I wanted to ask you a bit more about your basic economic issues. You feel that it is going to be a major economic boon for this city?

**Ms Kernaghan:** Definitely helpful.

**Ms Harrington:** I've heard this morning from another person that gambling and casinos are financially an unsound way of raising revenue for public or private purposes, so I'd like to say that I realize that casinos do not generate new money; that is, we're not actually producing anything. What it is is a service and it's part of the entertainment industry, the service industry, the tourism industry.

What we are doing is taking the available cash that people had saved up and basically we're looking at tourism, and I feel that's where this is going to be a real boon for this area. As you say, putting things together—the presenters this morning were talking about that—enhancing what you already have, I can understand that argument.

What I want you to try to clarify for me is, you've got local people who will be involved and you've got

tourists coming from other places. Do you feel that if the local people spend their money in gambling, this will take money away from other businesses here? I think someone previously said that, that this money would be going somewhere else in the economy, and we're putting it into gambling.

**Ms Kernaghan:** No, I think people still take care of what they have to take care of, but gambling is a different type of thing. It's a real luxury.

**Ms Harrington:** So you're not worried about it taking away from other areas of the economy locally?

**Ms Kernaghan:** No, not at all.

**Mr Martin:** Caren, I'm really interested in the conversation you had with the folks across the river. Did you go further and talk to them at all about what they're doing with the money that they're now making? Where are they investing it? What's happening to it?

**Ms Kernaghan:** As a matter of fact, I tried to get one gentleman to show up today to be part of this. He was unavailable because the people from Detroit and all the money people are in right now; they are investing. But they donate to charities. They put their students through school. They support Gamblers Anonymous. They keep people out of the casino if those people have asked for help and they have identified a problem. These people keep them out of the casino. They will help them.

They're having a problem right now with the rate that they pay. The people want more, but people always do. But they are putting their money into education and into charitable organizations even though the diocese didn't agree, that these charitable organizations were going to be suffering. Not according to Vegas Kewadin. He was one of the reserve chiefs I was speaking with. They don't directly run the casino, but they were directly involved in getting it there and supervising it all this time. You just ask to be left anonymous, and I do that so that I can always have a source to go to.

**Mr Martin:** He knew you were coming and was talking to you—

**Ms Kernaghan:** He knew I was coming here and I asked him, "Are you intimidated at all about Sault, Canada, getting a casino?" He said: "None whatsoever. Please do, because if you don't get it, we're going to help the native population of Sault, Ontario, to get it and we'll make sure they do. The fact is, if we can bring more people to Sault Ste Marie, Ontario, the nature of the beast of tourism is, 'We're going to go to another country to visit,' so the more people you bring in the more people we'll have at our casino."

**Mr Wayne Lessard (Windsor-Walkerville):** Mr Dadamo and myself are both representatives from Windsor where, as you know, the casino initiative is now under way, and of course we're both interested in making sure that it's done right and it becomes success-

ful. I was intrigued by your suggestion that you knew of some other business activities that could complement the casino. I wanted to make sure we weren't missing anything and see if you could give me a few pointers.

**Ms Kernaghan:** No, they're ones I'm saving for Sault Ste Marie. I'll start them myself.

**The Chair:** Thank you, Ms Kernaghan, for presenting before the committee. We won't call you back.

#### MAJOR CONTRACTING ALGOMA LTD

**The Chair:** Our next presenter is Robert Paciocco, legal counsel for Major Contracting Algoma Ltd.

**Mr Robert Paciocco:** My name is Bob Paciocco, I'm representing Mr Ruscio, who is sitting to my right. Mr Ruscio is the owner of Major Contracting Algoma Ltd. It's a Sault Ste Marie-based development company with substantial real estate assets in Sault Ste Marie, including several apartment buildings, a major bowling centre and a convention hospitality centre.

Mr Ruscio is presently constructing a nine-hole golf course in the east end of this city with single-family lots abutting the golf course. As well, Major Contracting has acquired a vacant 80,000-square-foot building in downtown Sault Ste Marie. This building was formerly occupied by a local department store and that's the primary focus of our presentation today.

We're not here to reiterate all the things that were said this morning, although we haven't been present. We trust the economic impact and so forth were well discussed by our mayor and previous presenters.

Mr Ruscio's building is situated on Queen Street, the main downtown artery for Sault Ste Marie in an area now known as Queenstown. It is immediately north of the Station Mall, which is a major regional shopping centre, and northwest of the Ontario Lottery Corp, which recently opened in Sault Ste Marie.

A substantial investment has been made in downtown Sault Ste Marie over the past couple of years, in the form of new underground servicing and the restructuring of the streets and sidewalks. Planter boxes, trees and benches etc have been installed along both sides of Queen Street, on interlocking paving-stone sidewalks, in an effort to make this a people place.

The waterfront of Sault Ste Marie has also undergone a major reconstruction, with a boardwalk stretching from the west end of the Station Mall to the civic centre. Work is nearing completion on the Roberta Bondar Park, which houses a marina for visiting boaters and a large amphitheatre for special events, and if any of you have been down there or flew in, you probably saw the large white tent that has recently been completed, covering the amphitheatre. As I've mentioned, the Ontario Lottery Corp building has been recently completed across from this park.

The province of Ontario has contributed millions of dollars to these projects in an effort to revitalize Sault



Ste Marie and to promote Sault Ste Marie as a tourist destination. What is missing in all of these proposals is a link to unify Queenstown, the waterfront and Station Mall. It has always been a fundamental planning objective of city council to create such a link. The planning staff reports would probably fill half of this room with all of the studies and so forth that have been done showing the necessity to link all these items. A major casino in Mr Ruscio's building would accomplish this end. Mr Ruscio has initiated discussions with the city, Station Mall and other interested parties to create a series of overhead walkways connecting these various components. This type of development cannot occur without a major attraction such as a casino.

1400

The location of Mr Ruscio's building is unique. There is no other structure in Queenstown that can accomplish what is being proposed by Mr Ruscio. This building can be retrofitted into a first-class casino almost immediately. The property has already been rezoned to allow a casino as a permitted use.

The policy objectives for casinos in Ontario as outlined by the province were fivefold: (1) job creation; (2) tourism development; (3) community economic development; (4) the start of a viable new industry; and (5) revenue generation.

There was an article on the front page of the Sault Star on this past Friday indicating that in order to maximize revenues three huge casinos should be established in Toronto. There's no reference in there about the other four policy objectives. Does Toronto really need additional economic incentive? Certainly not to the degree required by Sault Ste Marie and northern Ontario.

What else is unique about Sault Ste Marie to distinguish it from other locations? There was some discussion by the previous speaker, but the fact is that there is already in operation a major casino in Sault Ste Marie, Michigan. The people are already here. This doesn't appear to be addressed anywhere in these studies. Sault Ste Marie, Ontario, only needs to provide a facility to attract these tourists to our side of the border. This will not be accomplished with a 10,000-square-foot casino, as proposed in the Coopers and Lybrand report.

If the provincial government is serious about meeting its policy objectives, then I would suggest the province should rethink its situation about Sault Ste Marie. As well as protecting its substantial investment in downtown Sault Ste Marie as I've already outlined, the province has an opportunity to help Sault Ste Marie become a major tourism centre in Ontario. A casino in Sault Ste Marie will meet all five policy objectives set forth by the provincial government.

Mr Ruscio stands ready to implement his plans to create a major casino centre in downtown Sault Ste

Marie which will unify Queenstown, the waterfront, Station Mall, Bondar Park and the other matters I've addressed, as well as allowing Sault Ste Marie to compete for tourism dollars on an equal footing with our American neighbours.

Mr Ruscio is present with me, as I've indicated, and either one of us would be pleased to answer any questions the committee would like to address.

**Mrs Marland:** The name is not the same name that is on here. It is still Major Contracting Algoma Ltd?

**Mr Paciocco:** Yes.

**Mrs Marland:** And Mr Ruscio is the principal?

**Mr Paciocco:** Mr Ruscio is the president and owner of Major Contracting.

**Mrs Marland:** And your client is the owner of the K-mart or the Woolco building?

**Mr Paciocco:** It was formerly occupied by Woolco. As a result of economic circumstances in Sault Ste Marie over the years, a couple of years ago Woolco—it's a large store. It was a centre, a focal point in downtown Sault Ste Marie. The store closed, creating a large vacancy and a big void in downtown Sault Ste Marie.

**Mrs Marland:** How long has Mr Ruscio owned that building now?

**Mr Paciocco:** He purchased the building shortly after the Woolco building closed. I guess it closed about one year ago.

**Mrs Marland:** Are you formerly an applicant for a location? Have you talked to the government about being a proponent for a location?

**Mr Paciocco:** Yes.

**Mrs Marland:** I'm interested that you are a proponent and you're here before the committee, because I thought the government was making it a requirement that if you were a proponent you were not to speak to people about it. Am I wrong on that?

**Mr Martin:** That's for Windsor. There's no project happening here.

**Mrs Marland:** I think the deputation can answer the question, Mr Martin.

**Mr Paciocco:** Thank you, Mr Martin, but I was not aware nor have we ever been advised that that was the circumstance. We've never been advised of that.

**Mrs Marland:** But you've been meeting with ministry officials?

**Mr Paciocco:** No, it's never gone that far. We've had the property rezoned, but there's been no formal submission to the government.

**The Chair:** The Chair should just clarify, I hope for Mrs Marland and Mr Paciocco: As I understand it, you've haven't made a formal bid on anything, so in a sense, you haven't violated anything at this point.

**Mr Paciocco:** In terms of what we've done, we've made an application to the city of Sault Ste Marie for rezoning. That request was processed, went through a rezoning application and the bylaw was approved and so forth, and that's where it sits at this point in time.

**Mrs Marland:** I just want to advise the Chair that I wasn't suggesting a violation. That's an unfortunate word. I was trying to be clear about where you were, as someone who was interested on behalf of your client to be the host location should a casino go into Sault Ste Marie, Canada.

**Mr Paciocco:** That's the extent of it. We've been dealing at the local level with the municipality.

**Mrs Marland:** Obviously, from the support that is now on the record from this morning's deputations on behalf of the municipality, I guess you're very encouraged and excited, Mr Ruscio, about the fact that you do have the municipality supporting you through the elected officials?

**Mr Antonio Ruscio:** Yes.

**Mrs Marland:** I don't know if you live in the municipality, but do you have any personal concerns about any adverse impacts of what a casino might bring to Sault Ste Marie, Canada, in terms of some of the things we've asked other deputations about: encouraging gambling addiction and a relative increase in certain types of crime?

**Mr Ruscio:** I have no guilt for anything. I think the casino would create so many jobs in Sault Ste Marie, it would revitalize the downtown area and would be a hell of a good thing for Sault Ste Marie. I can't see any other things that come to my mind to create a problem or anything like that. It will create jobs.

**Mrs Marland:** I can understand the need to create jobs in this community. I understand that very well. Has there been a lot of discussion or concern among the people who are involved, whether it's you as an individual or other people who are involved in this proposal, about the fact that it would be a different kind of casino? The point that was raised this morning was that the casino in Sault, Michigan, is operating under an entirely different set of rules than a casino here would be. One of the points that was raised that I wasn't familiar with is that they offer free liquor to their clients. I don't know if that's true; one of the deputations this morning said that was true. But if the rules are different, do you see that as a problem, that people will still just drive over the bridge because there are things in the Sault, Michigan, casino they can do that they're not able to do in an Ontario casino?

**Mr Paciocco:** Mr Ruscio, as I indicated, does have a convention and hospitality centre in Sault Ste Marie; he is in the tourist business now. This is still northern Ontario and this is still Canada. It's all very exciting for tourists, particularly Americans, if we have something

to attract them, especially if it is different. I think that would enhance the situation.

If there was an opportunity to gamble on both sides of the border, I think we'd have a unique opportunity. Those people are here. They're just not coming to our side of the border. If we have something to bring those tourists over here, and we're making efforts in other areas, as I say, with the Roberta Bondar Park and so forth to provide attractions, if we had an opportunity to compete with a casino, even under different rules—and incidentally, I'm not aware that they serve free liquor, but it's an interesting comment; I've never received a free drink there. In any event, even if the rules are different, I think the opportunity to take a journey into northern Michigan and into northern Ontario and to gamble on both sides of the border is going to be an irresistible temptation for tourists and we will do very, very well with that type of situation.

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**Mrs Marland:** Do you think that if it isn't competitive because it's a different kind of facility—the whole idea behind casinos in Ontario obviously is that the casino will raise money for the Bob Rae government. That's what this bill is about; it's about money going to the government from the casino itself.

**Mr Paciocco:** Well, that's not my understanding of it. I thought the purpose was fivefold, the fifth one of which was the generation of revenue. I didn't write the guidelines and I don't know that they were listed in order of priority, but it struck me that they were and it strikes me that the policy objectives of the Ontario government were fivefold, the fifth one being revenue generation.

**Mrs Marland:** I'm talking about the money that comes across the counters in the casino itself. Something like 20% off the top of the gross is to go into the general revenue fund of the provincial government; plus, I suppose, it'll get a licensing fee as well.

Do you have concerns about the fact that this will be something that the government is going to have control of in terms of the money it takes out of it? Are you looking for the financial generation in the Sault to be around the people who are going to be employed in those jobs who are presently not employed and by spinoffs into other facilities in the city like restaurants and hotels? Can you see that as a balance of—

**Mr Paciocco:** I think that's the key factor. If the casino never made a penny, I think the spinoffs from it would far outweigh whatever possible money can be made by the casino operation itself. Certainly the people running the casino are going to want to make money, but I think Mr Ruscio filling his convention centre, his hotel, his restaurants and so forth is a big boon. I work downtown in Sault Ste Marie, and have so all my working life. To have people come back downtown and to have some excitement and to see people walking up



and down this beautiful, brand-new boardwalk we have and utilizing the facilities down there—I don't know how you put a pricetag on that.

**Mrs Marland:** I saw the beautiful boardwalk last night. I hadn't been in this town for three or four years, and I agree that there are facilities here that need to be enhanced by additional use. I do see the city evolving and it's changed a tremendous amount, and I think a lot of that credit must go to the local business people like Mr Ruscio and obviously the municipal council. I congratulate them for the improvements in this city also.

**Mr Martin:** Thanks for coming before the committee. I certainly appreciate some of your comments and your support for this initiative. I sometimes find myself, as I sit here, wondering if I've got this picture wrong, because so often we as New Democrats sit defending the business people who come forward as the folks across the table try to tell us that this isn't a good opportunity or that there's something wrong with it, and that's interesting.

**Mrs Marland:** Did I say that?

**Mr Martin:** I hope what's happening is that the business community is beginning to realize that we do support business, particularly businesses such as yours, and that we want to enhance the opportunity for you to do business in Ontario, and that's what this is all about.

My question is re the legislation itself, the enabling legislation. Have you had a chance to have a look at it? In what you have put together by way of proposal, being the astute businessman that Mr Ruscio is and getting a head start on others, is there anything in there that you see that would be detrimental in any way to you being able to take advantage of this opportunity?

**Mr Paciocco:** I have to be quite honest with you, Mr Martin. We haven't had an opportunity to analyze this bill in the kind of detail I think you're asking us, but just in general terms, as I've said, I don't think there can be anything that detrimental. If we have a casino operation in Sault Ste Marie, even if the casino never made a dime for the casino and the money was all paid to the government, the extra benefits to be generated by having all the people downtown are quite sufficient. I think that's been our primary focus.

As to the nitty-gritty of the legislation, I guess it would be our expectation that it's going to work. If there are some snags, I'm sure they'd be worked out over a period of time and it would all come to pass. As long as we get the thing built, the people will come. And this will work, no doubt about it.

**Mr Martin:** Just a little aside from that: Do you see it as absolutely appropriate that the Ontario government would in fact spend money on things like the waterfront because it enhances the tourism potential of this area?

**Mr Paciocco:** I think we have an absolutely wonderful opportunity, unique from any situation in Ontario. I

did go to school in Windsor. I got my law degree in Windsor, so I'm pretty familiar with that city. But in Sault Ste Marie, because of the circumstances here—we have an existing casino that is thriving. It's a very large operation. People are coming here from all over Michigan. We have an opportunity to exploit that situation that's been built by somebody else if we can just get off the ground.

I think timing is critical. Mr Ruscio's ready to go. We can react immediately. We can have a casino up and running before the shovels hit the ground in Windsor, with no disrespect to Windsor; they're under way. But certainly before anything we can have that building up and running and renovated, and it's in an ideal location. We can have it all done and ready to go almost immediately. I think that's a key point that has been overlooked.

**Mr Martin:** So you'd have no difficulty then with the Bob Rae socialist government taking the money that's generated through revenues and reinvesting them in waterfront and other infrastructure types of things?

**Mrs Marland:** I've trained him. It's taken me three years for him to identify his government.

**Mr Martin:** I had to say socialist, eh? People forget these things.

**Mr Paciocco:** We have no problem. We're not trying to take a political side on any of this, whichever government chooses to do this. We're pretty self-centred and pretty selfish, I guess, here today. We're looking at Sault Ste Marie. We both make our home here. I was born and raised here. We're pretty selfish, I guess. We're looking at this as Sault Ste Marie, but in a broader sense I think for the province.

We have a wonderful situation up here. All the money that the province has invested in Sault Ste Marie—as Mrs Marland said, they've done a marvellous job. City council's done a marvellous job. We've got a wonderful opportunity here.

**Ms Harrington:** From Tony Martin.

**Mr Paciocco:** And from Tony Martin, yes.

But it's like, you know, we're this close; we just need that extra push. There's something missing, because we're that close. We have all the infrastructure; we have everything there. We have that bridge there, and it's like those millions of tourists that stop in Sault, Michigan, are right there now, if we can only bring—I don't know the numbers, but there were statistics that I'm sure you're familiar with, Mr Martin. If we even brought 10% of those people over here, we've got a thriving community.

We've got a marvellous ski facility here that is just waiting to be expanded and so forth. We've got things that Toronto and other centres don't have. We've got northern Ontario. Nobody else has that, just us. We're right there. Those tourists are right there at that bridge

and we need that one thing to draw them the rest of the way. Right now the best thing we can see that can happen immediately is that casino. To me it would be a shame if we don't act on it, like, right now.

**Mr Lessard:** I just wanted to tell you how much of a great law school I think the University of Windsor has as well.

**Mr Paciocco:** We started it.

**Mr Lessard:** Some of the people who are produced from it, their reputation is known throughout the province. It's good to see that influence even in Sault Ste Marie.

**Mr Paciocco:** I see you had a number of them on your study from Windsor. You had Dr Ianni and a few others. He's from Sault Ste Marie, by the way.

**Mr Sutherland:** Mr Lessard himself.

**Mr Lessard:** Mr Ruscio, I understand from your submission you have a location that you'd like to see a casino established in, and I wonder whether that means you're interested in actually running a casino as well or whether you're just interested in having that real estate used for that purpose.

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**Mr Ruscio:** It's the real estate use for it, and then I'm sure that we'd get a professional to manage the casino. I'm sure that the government is interested in that.

**Mr Lessard:** I wanted to ask you whether you had an opportunity to look at the request for proposals that was sent out with respect to the Windsor project and whether you had any comments about any of the specifics that are contained in there.

**Mr Paciocco:** We haven't seen that.

**Mr Lessard:** One of the things that is within there is some protection or possible benefit for restaurants and hotels within the city of Windsor. One of the requirements is that the restaurants that are within the casino are fairly small and that the hotel occupancy within the city had to be 75% before a hotel could actually be built on the casino site. I wondered whether you had any feelings about the importance of restaurants and hotel rooms connected with or within the casino itself.

**Mr Paciocco:** He wants to know how that will affect your restaurants and your hotels.

**Mr Ruscio:** In the beginning?

**Mr Paciocco:** If there's a restaurant and a hotel built in the casino.

**Mr Ruscio:** That does not affect us at all.

**Mr Paciocco:** You're not concerned?

**Mr Ruscio:** No.

**Mr Lessard:** You don't think that would be a problem with having a successful casino then.

**Mr Ruscio:** I think we should have a restaurant in

the casino. The people who gamble or whatever like to stay there for a while and then they go other places. As a matter of fact, there should be a hotel also in the casino, as far as I'm concerned, talking about Windsor now. I think it's a good thing to have.

**Mr Paciocco:** What's the occupancy of your hotel?

**Mr Ruscio:** Right now?

**Mr Paciocco:** No, all year round.

**Mr Ruscio:** About 45%, 50%.

**Mrs Marland:** Mr Chair, I just want to correct on the record something that Mr Martin said, because this is the first day that I've had the opportunity to sit on this committee hearing for Bill 8. You said that "those people opposite" are speaking against a casino in Sault Ste Marie. I have asked a lot of questions this morning, and some of the questions have been devil's advocate questions like, "Give me an answer to Mr Sutherland's point about churches and bingos or other forms of gambling." I have not taken a position one way or the other on a casino in Sault Ste Marie, Canada, and I want to make that very clear, that all of my questions are based on the fact that I need to have answers to those questions, and I have that opportunity as a member of this committee today.

**Mr Kwinter:** I enjoyed your presentation extolling the virtues of northern Ontario. It would be nice if Gerry Caplan, the spokesperson for the NDP, had the same feeling.

The interesting thing about your presentation is that if you look at the request for proposals for Windsor, the city has determined the site, both the temporary interim site and the permanent site, and they are now calling for proposals from operators. These operators are going to build the facility, they're going to run the facility and they're going to operate it on behalf of the government. There are various proposals as to how the government will participate and the options the government has and the options the proponent has. To my knowledge, that is the only framework that is in place.

So notwithstanding that the municipality may have determined that this is a great place to have a casino and it may have designated and rezoned it, it would seem to me there would have to be exactly the same kind of proposal call. So just because you happen to own the property, you don't say: "We're up and ready to go. Just give us the okay and we'll build it for you." The people who have expressed interest in Windsor, whether it be Canadian American operators or operators from anywhere else in the world, would look at it and then would make a proposal based on the government criteria as to how this thing was going to work.

My question to you is, how is that going to impact on your particular situation? You are here representing your client on a specific property, with a specific proposal. How does that fit into the format that has been adopted



to date? It may change as a result of their interim casino and say, "This isn't working properly and we have to come up with a new structure," but how does that fit in with the only thing we have to compare now, and that's a request for a proposal for the city of Windsor?

**Mr Paciocco:** Well, I would suppose if that request for a proposal came out, a proposal, however structured, for Mr Ruscio's building would be successful. Now, if it isn't in the proposal, if it was a proposal called to build a casino from scratch on the waterfront in one of the vacant pieces of land, then so be it. Certainly I guess we're speaking directly about our building, but as I've indicated, Mr Ruscio also has substantial holdings in Sault Ste Marie in the tourism-related business.

The important thing is to get a casino built. However, as we've said, to react immediately, if that were possible and the proposal were structured that way, we can act immediately.

It depends, as you've said, how the proposal call came out. If they follow the Windsor guideline, if timing was a crucial element, then I suppose we might have a lead. If the proposal defined the limits to be something in the Queenstown area to provide a link to the areas, as has been expounded by city council as a planning criterion, not specifically for casinos but generally what they want as something to unify the downtown area, then again I guess we'd have a head start. It depends how the proposal call comes forward. So it's a difficult question to answer.

**Mr Kwinter:** There's another aspect to it. The minister has been quite emphatic in saying that there is no plan to expand casinos into Ontario other than this one pilot project and they're going to watch it very carefully and they will then decide as to what the next step will be.

The interim casino, certainly as contemplated, will run at least two years. It may run longer, depending on how long it takes to develop the permanent casino. How do you, as a proponent or a resident of Sault Ste Marie, react to that, that we're talking about, it seemed to me, a minimum of two years plus?

**Mr Paciocco:** We would hope that through the efforts of our mayor, at least in my understanding, his lobbying efforts and where he's going from is to have the government change that policy and to make a decision immediately on Sault Ste Marie. I guess the rest of the municipalities, I don't know what their position is, but certainly it's my understanding that the lobbying efforts at this time would be to get the government to change that policy and get something going in Sault Ste Marie immediately.

**Mr Phillips:** I assume you've kind of looked at other models around North America on casinos. It looks like there's a range of possibilities for Sault Ste Marie, from a potentially comparatively small casino, 10,000

square feet, up to something substantially larger. My understanding is that right now it's contemplated there would not be alcohol sold in the facility or entertainment. Have you a view on the model you think would be right and successful?

**Mr Paciocco:** Are you asking my personal opinion?

**Mr Phillips:** I'm asking your opinion. You can speak as the lawyer for your client or—

**Mr Paciocco:** We've discussed various matters over the past year. Something is better than nothing, but if we were able to compete on an equal footing, with entertainment and liquor and so forth, I think that would be the preference, if Mr Ruscio had an opportunity to do what he wanted. But that's not to say that if those things aren't present, we couldn't make a success of it. I don't know if that answers your question.

**Mr Phillips:** Earlier in your presentation you were saying we need to have something unique and different to drag them across the bridge. If the competitor has all of these other things, what would be the uniqueness in a small facility without alcohol, entertainment or—

**Mr Paciocco:** As I've said, I don't think that will work. A 10,000-square-foot facility isn't going to do anything in the nature—we're talking about Sault Ste Marie. A 10,000-square-foot casino will benefit the location that it's at. For instance, if it's in this hotel or if it's in Mr Ruscio's hotel, you'll have a 10,000-square-foot casino that will benefit that location and perhaps a couple of the restaurants in the area, but it's not going to provide the drawing card that a major casino in downtown Sault Ste Marie is going to provide.

Again, if we're going to get nothing, we'd rather have a 10,000-square-foot casino somewhere because at least some business is going to benefit, but the bottom line is we'd like to have—and I don't know what the magic in 60,000 square feet is either. I think the one in Sault, Michigan, is about 75,000 square feet and still growing, so I don't know what these guidelines are.

**The Chair:** Mr Paciocco and Mr Ruscio, thank you for presenting before the committee this afternoon.

1430

ELIZABETH RAJNOVICH

**The Chair:** Elizabeth Rajnovich, you have 30 minutes to make your presentation and field questions.

**Ms Elizabeth Rajnovich:** Good afternoon. My name is Elizabeth Rajnovich and I have been a resident of Sault Ste Marie for 22 years. I must inform you that I am here today as a private citizen of this community and my words and opinions expressed do not necessarily reflect those of my employer. Some people may know who I work for.

My main point today is to let you know that almost everyone I worked with in my five years as a roulette dealer in London, England, and in Athens, Greece, were good people earning an honest living in an exciting

environment somewhat different from the normal 9 to 5 position.

I am totally in favour of a casino being approved for this community. My words today from personal experience, even though gained over 22 years ago, I believe could still be valid today. My position as a roulette dealer was the most exciting job I have ever had, and I would probably still be in that field but for two reasons. First, I met my husband. And the second reason: If former prime minister Pierre Trudeau had been a futurist and had seriously considered my request to legalize gaming across Canada in 1972, I would still be doing that work.

I realize some people believe gaming employees are dishonest people who are sometimes in cahoots with racketeers. I hope my presence here today dispels that myth. In my five years in the gaming industry, of the 400 to 500 people that I worked with, only three turned out to be dishonest. These three were caught, were charged and were imprisoned.

I considered my job in the gaming industry a profession and was very proud to have had the experience and opportunity to meet many interesting people from all walks of life, including sports celebrities, big screen stars and even princes, and, most important, to watch them interact with the other players at the tables.

Gaming takes place in many countries of the world. It is entertainment for the wealthy, and can be just as exciting for the not-so-wealthy because even watching can be fun.

Casinos offer a very large variety of positions such as managers, dealers, pit bosses, cashiers, cleaning and cloakroom staff, chefs and kitchen staff, bartenders, waiters, waitresses, security, secretaries, payroll clerks—the list is endless, and every one of these positions could be filled by members of this community. What a boost to our economy.

In approximately 1968, gaming in Britain became government-regulated. Some casinos closed and others relocated as regulation dictated what cities and areas of cities were legal for operation. Hours of operation were also regulated and people seeking positions directly involved in casino operations were required to have a police licence. Approval or disapproval of this licence was after a rigorous screening process by the police department. Entry into a casino in England was by membership only. Visitors were accepted upon presentation of a valid out-of-country passport and management had the right to refuse entry to any non-member.

Training is important in almost all we do in the workforce, and gaming is no exception. But croupier training not only involves learning to deal cards or spin the wheel, but also good concentration, math, and to some degree behavioural science. Being aware of potential problems with cheating clients is an art, and a

well-trained dealer has the skills to prevent problems from arising.

I understand schools are popping up in southern Ontario. In my opinion, they teach only the game. It is the employer who provides continuous training that will provide a high calibre of employees.

As dealing requires considerable concentration, breaks were frequent. We worked half an hour on and half an hour off, and our shifts were usually eight hours in length. As revenues generated were considerable, all casino employees earned above-average salaries.

Regulation by the British government saw the introduction of a gaming table tax. These taxes, which I believe were quite hefty, were paid directly to the department of revenue. Players were not taxed on their winnings. Regulation is, in my opinion, a good thing for all parties involved, but I strongly suggest ownership of casinos should be left totally to the private sector.

To summarize, I have seven points that I would like to make:

- (1) Most people like to gamble.
- (2) Gaming does not necessarily mean crime.
- (3) Employees could be honest, hardworking members of this community.
- (4) Tax revenues generated could reduce the deficit.
- (5) Regulation in some form is acceptable.
- (6) Private enterprise is a must.
- (7) Time is of the essence.

It's taken us 22 years to get this far. I thank you for this opportunity and hope you, the panel, are all futurists who realize that gaming is just like any other business: It provides a service, it creates employment, and it generates taxes for the government.

Ladies and gentlemen, thank you very much.

**Mr Martin:** Thanks for coming forward. It's great. This is the first time we've had a presentation of this sort in our three weeks, and it provides us with an excellent opportunity, I think, to ask some really pertinent questions that relate to some of what we've been discussing over the last couple of weeks: the issue of what kind of employment and, actually, what kind of people frequent casinos.

There's this sort of image out there that it's the poor who are flocking in in great hordes and spending all their welfare money and this kind of thing. There's also a sense I get that some people have a perception of people who work in casinos as, I guess, similar to the folks you see running the carnivals that come to town, who tend to be probably in most instances very hardworking people but perhaps not as trained with the kind of training that you've just mentioned.

What would be, in your mind, the minimal entry qualification for this kind of work? What kind of person in this community could look forward to working in this



kind of an operation?

**Ms Rajnovich:** I think that almost anyone in this community could find a position. I, myself—I have to tell you this was a long time ago—was working in an office. It was not the kind of work that I enjoyed. I preferred a little more excitement, and casinos did offer a lot of excitement for me. I was very fortunate in that the company I applied to is a very well-known company in Britain. They actually do all their training in-house, so it means that from the day you walk in there, there are members of the staff who do the training.

For myself, because I am strictly a roulette dealer, a lot of the payouts etc that you have are basically memory, learning the bets that are placed on the table, learning how to visualize what certain payouts are. I think we have a lot of people out there who can do that.

I still believe the way that the British government went, with a police licence, was important. It does allow people who are honest and hardworking and who are there strictly to earn a salary, to keep their families—it actually would keep away the people who were somewhat dubious by approval or disapproval of the police licence.

You don't need to be a rocket scientist.

1440

**Mr Martin:** The other question I would have as well for you, having had the experience that you had, is this question of it being a tax on the poor and these places being inundated by folks on social assistance spending their cheques. Could you perhaps expand a bit on that?

**Ms Rajnovich:** I can only provide you with my own personal experience. The company that I worked for in Britain had a number of clubs across London, and I did have the opportunity to work at most of them, from the less exclusive to the most exclusive, where there was a variation in the clientele—only financially.

I believe most people are fully aware of how much they can afford to gamble and how much they can't afford to gamble. There's always the exception of somebody who totally loses control, but I think that most people would not just take their salary and just totally destroy it in a gambling club.

My personal opinion is that in this community, I doubt very much if we would get members of this community gambling in a club. I truly believe that you don't want people who are working in the casino to know how much you're losing, how much you're winning etc. I really don't believe that we will get a lot of people from this community here.

**Mr Martin:** It's interesting. I know all kinds of people from this community, friends of mine who go across the river, who go to Vegas on a regular basis as a vacation option, entertainment, and they're people that I sit beside in church on Sunday, people who coach the teams that my kids play ball on and all that kind of

thing. This seamy underworld kind of picture that sometimes is painted of this kind of activity—it sometimes boggles the mind to try to put it all together.

**Ms Rajnovich:** Well, probably back in the days of Bugsy Siegel and Al Capone, that did occur. I can't speak for Las Vegas. I do go there but I don't know any of the owners. But I believe that in Britain, gambling was a very honest business, and in the five years of the different clubs that I worked in, as I say, the only crime that I ever encountered were three employees who were cheating on the company. Crime just doesn't appear to be a factor.

**Mr Sutherland:** You talked about it being an industry, and we've heard from some of the other presenters. Certainly the horse racing industry has talked about theirs being an industry. The people who run charitable gaming operations have talked about theirs being an industry. But somehow, many of them have portrayed casino gambling as a less than legitimate type of activity, and yet you described it as an industry. How do you respond to those people who say that somehow a casino is not a legitimate type of economic activity or industry for people to be involved in or communities to be involved in?

**Ms Rajnovich:** I would honestly say that if the people are saying that, then they obviously have not been inside and totally taken a look at what goes on there. It's an industry; it creates employment for hundreds of people. It generates revenues not only for the owners but also, if the Ontario government was to do the same by imposing a table tax, for the government. I just think it's naïveté on people's part who are totally unwilling to be futuristic.

**Mr Lessard:** How long has England had casinos?

**Ms Rajnovich:** Years. I really could not say.

**Mr Lessard:** Did they have dice games?

**Ms Rajnovich:** The games that were dealt in the casino that I worked in were roulette, blackjack, dice, chemin de fer, baccarat. Slot machines were not a big item in England at the time. Please remember, I'm going back 22 years. There were maybe 10 slot machines at the most. The clubs that I worked in had an average of 60 to 70 tables per casino and, as I say, slot machines were not a big item.

**Mr Kwinter:** I don't think anybody I have heard has suggested that casinos are not an industry. It's a huge industry and I think everybody recognizes that.

I am curious, though, about your experience in England in that I have been to several clubs in London—as I say, I certainly haven't seen all of them, but I've been to several—and they're certainly different from the casinos in Las Vegas. Usually they're in a hotel. They're usually, just by the very nature of the hotels they are in, self-limiting in that you wouldn't get in the door, you wouldn't get past the doorman, unless

he felt you were somebody they wanted in their hotel. Is that an accurate representation?

**Ms Rajnovich:** I'm speaking from 22 years ago, but as I mentioned in my presentation, you had to be a member to get into a gaming club in Britain; a visitor could come in under a passport. But by providing membership to people of the community, it allows the owners of the casino to, if they want to, do a little bit of investigation into the background of people who they possibly think have some unsavoury characteristics.

**Mr Kwinter:** That was the point I was going to make. It is a membership club—

**Ms Rajnovich:** It's membership only.

**Mr Kwinter:** —and if you had a foreign passport and if they thought they'd like to have you, they'll let you in.

**Ms Rajnovich:** Yes.

**Mr Kwinter:** I've also been in them and, as you say, they might have 30, 40 tables, three or four roulette wheels, lots of blackjack tables, baccarat, chemin de fer, that kind of thing, and no slot machines. So your observations are absolutely accurate.

As you say, I don't think anybody, even in the casinos that are contemplated here, is suggesting that the employees would be thieves. You're going to get thieves in every line of work, including banks, where people abscond with money. But the situation is that there is the ancillary crime and there are the organized crime aspects of it that this committee has been spending a lot of its time on. I'd really like to get your experience as to—you were a roulette dealer—how that relates in the environment that you were in to the Las Vegas type of casino that we are talking about.

I'm looking forward to visiting Sault Ste Marie, Michigan, to see the kind of casino they have there, but certainly in the call for proposal you're talking about a 75,000-square-foot casino. It's not as big as some of the ones that you have down in Las Vegas that are 150,000 or 250,000 square feet, but that's still a substantial casino. It's a big operation and for that to work, they're going to have literally thousands of slot machines. As long as you meet the dress code and as long as you are not apparently going to be a problem, you're not only going to be allowed in, you're going to be encouraged to come in. That is where some of the concerns are and I think it's important that everyone understand that the government has made a decision about casinos. They've said it, they announced it, it's going ahead.

Our concern, certainly from our caucus, is not to fight the battle as to whether or not there are going to be casinos, because they've made that decision, they've got the numbers in the House, they will have it happen. Our concern is that in the zeal to have it happen, they don't just totally disregard some of the major concerns that are out there. That is what we're trying to do: make

sure this legislation addresses those particular concerns. I think it's important that we have someone who has had the experience you've had, but I would like to relate it more to the kind of casino that is being contemplated by the government as opposed to the what I call a rather genteel club in London where, as I say, most people who go in are usually wearing black tie. It's a very civilized kind of thing. You're a member. You have to be a referral by somebody, and it's a totally different kind of experience.

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**Ms Rajnovich:** I may be kind of in opposition to some of the people who are here, but my personal feeling is that this group here could somehow create some kind of regulation in operation of casinos. Many things have taken place over the years and I know now there are a lot of things that you can and can't do to people. You can't discriminate, but I think somehow in order to keep casinos respectable and to dispel the image that there are racketeer types of services, I believe the government has a role in maintaining that we keep a very professional image to the public. I don't know if that answers your question.

**Mr Carr:** It's nice to have an expert who knows the industry. You've certainly been around it for a while.

There has been some feeling, and it was mentioned by Mr Kwinter, about Windsor not having liquor, and they're going to restrict the number of restaurants. My fear is that what's going to happen is that the Americans who come across, the first time they find out they can't get liquor, the restaurant is crowded and they can't eat, and when they're told they have to go out to eat, it's going to discourage them.

Some of the presenters who have come here have said basically—I don't want to put words in their mouths—"If you're going to do it, do it well." They've used words like "compete on an equal footing." When they do it here in the Sault and if you were going to do it in Windsor, do you think they should do it in terms of having liquor, full service and competing with the Americans, or should they try and do it the way they're anticipating to try and keep everybody happy?

**Ms Rajnovich:** I don't believe that liquor plays a very big part in people's gambling. I gamble myself and I have a drink or two. I think most people are responsible. Obviously, there are the junket types who come in in big groups and try to be macho and guzzle down drinks, but I never saw that when I worked in Athens and I never saw that when I worked in England. I don't think people are like that. I'm totally in favour of having alcohol served. Management is responsible.

**Mr Carr:** They don't want people in there who are drunk disturbing everybody else.

**Ms Rajnovich:** Common sense; use your judgement. A waitress can see if a guy's had a few too many.



**Mr Carr:** The big concern, of course, is that Michigan's drinking age being higher, they'll get a lot of the kids coming over if it's 19.

I was interested in your experience. The government is saying to us—and this might be of interest to the people in the Sault in terms of getting the jobs they anticipate; this was when the minister was in, and I asked this of the minister and she was also saying she hoped they would eventually be unionized—that the average salary would be \$25,000 to \$30,000. Do you think it would be that?

**Ms Rajnovich:** That's totally inadequate.

**Mr Carr:** That's too low?

**Ms Rajnovich:** Far too low. I'm going back now to around the late 1960s, 1970s. At the time I was earning £50 a week, which was way, way above the normal. The normal salary was usually between £8 and £10 a week and I was making £50 a week.

**Mrs Marland:** Was that in tips or salary?

**Ms Rajnovich:** No, that's strictly salary. When you're generating the kinds of revenue that come out of a casino, every employee in the casino should be paid.

**Mr Carr:** You know that the reason they might not be able to do that with this casino, of course, is the government is taking a bigger percentage of it than it would in Britain.

**Ms Rajnovich:** But what I'm saying, hopefully, is that you could relay to the government that taking a big whack off the top is not realistic; that, perhaps the same as Britain, some kind of table tax could be applied. Just to give you an example, I believe in Britain, the tax was £10,000 per table per month, and £10,000 per table per month at over 60 tables is a hell of a lot of money.

**Mr Carr:** Actually, the people here, if they think it's even going to be more money than that, would definitely want the jobs there.

**Ms Rajnovich:** I still believe the private citizen who has investment in the casino should also make a profit.

**Mr Carr:** Yes, because that's one of the concerns. What happens when you look at it is that a lot of the bidders are saying the reason they're doing Windsor is so they can get the access but, from a financial standpoint, it isn't going to be very advantageous to them. Maybe we can get an idea and you can probably piece the figures together by average salary and how much the government is going to take and so on. We know in Windsor they say there will be 12,000 a day coming in.

What has been the history? How much would you say the average person would lose in a casino when they come? Do they spend \$200, \$2,000? I guess there's a big range, so what do you anticipate here?

**Ms Rajnovich:** For me, it varied on the type of casino. Even though it was the same company, for the

location that I was at—

**Mr Carr:** What do you see here? You know the type it's going to be. What do you think—

**Ms Rajnovich:** Again, it depends on who comes to the community. Most people usually come in and \$100 is probably what they would spend. But in the past we've had people who have either won £200,000, £300,000 or lost £200,000 and £300,000 in one night. It depends on the financial stability of the person.

**Mr Carr:** Right. I agree with you on one thing, that the private sector needs to be involved in doing it. The way it is now, of course, you probably know it's a difficult situation. The government's sort of involved but it's not, and yet there is representation from OPSEU where they want it to be totally government-run. I quite frankly think that the experts who are coming and putting in bids know better what needs to be done.

The way it's being set up now with the corporation running it and the management and so on, do you think this is the best way to do it or should the government just say, "We will give you the licence"? The same thing with the bid: Anybody who comes in will be able to run it and do what they want. Which is best for the citizen?

**Ms Rajnovich:** I believe in private enterprise and I believe the tax-per-table system is best.

**Mr Carr:** I'll defer to Mrs Marland.

**Mrs Marland:** What would you think as a resident of Ontario if the operation—obviously, right now we're looking at the casino bill being sponsored by the Minister of Consumer and Commercial Relations. Apart from what you referred to about police licensing of employees—I'm not talking about establishing another bureaucracy at Queen's Park because we can't afford any more. What would you feel about another ministry being the supervisor or the overseer of the operation, so that if Consumer and Commercial Relations licensed casinos, in fact it was a separate ministry that would check on the operation of the casino, so it would be removed and more objective?

**Ms Rajnovich:** That did occur in England. There were people who did work for a particular governmental department who would come and inspect the equipment and check the licences of the employees and generally oversee the operation, whether it was once a week or once a month or once every six months, but that was done.

**Mrs Marland:** That wasn't one government department covering itself in its operation; it was totally objective supervision?

**Ms Rajnovich:** Yes.

**The Chair:** Thank you, Ms Rajnovich, for giving us a very interesting presentation this afternoon.

**Ms Rajnovich:** If I could just make one more

comment that I would like the members to know: When I worked in Greece, entry into the casino was strictly by membership. At the time, the country was under a military regime and membership could only be obtained at a certain salary level.

**Mrs Marland:** Would you advocate that?

**Ms Rajnovich:** No. I just thought you'd like to know. Thank you very much for your time.

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#### RAMADA INN AND CONVENTION CENTRE

**The Chair:** Tony Gallagher, general manager of the Ramada Inn and Convention Centre, welcome. You have 30 minutes for your presentation and questions.

**Mr Tony Gallagher:** You won't have a problem if I don't use the whole 30 minutes?

**The Chair:** Absolutely not.

**Mr Gallagher:** Thank you for this opportunity to address your committee. So far, I've spent a fair amount of time talking with a lot of fellow residents of this community, with a number of my employees and with other business people. It seems obvious to me so far that the majority of this community is in support of the development of a casino here in our community.

Some people feel that we are experiencing negative aspects from our close proximity to Sault, Michigan, and in some ways this is very true. Cross-border shopping is a reality that we are having to deal with. We have lost a number of retail stores and there are other things we have lost here in our community due to it. We don't really seem able to deal with the cross-border shopping issue, and that's another area altogether, but the cross-border gaming issue seems like one we have an opportunity to deal with.

I know of tours that are coming from other parts of Ontario, crossing through Sault, Canada, and entering Sault, Michigan, spending their time, spending their money and gambling there. We have some opportunities possibly to keep them here on our side. I have personal experience of customers who stand in our hotel and ask where the casino is because they think the possibility is that it's already here on our side.

To some degree, I found a lot of people looking at Sault, Michigan, with negative eyes in regard to its gaming. I feel we have a great opportunity with that setting we have right now. For a long time Sault, Michigan, marketed itself as an access to us to their fellow people in Michigan. We here are now seeing them market themselves. We are no longer giving them the overflow of our occupancy; we are now taking the overflow from theirs. They are increasing their room nights, they are increasing the number of hotel rooms they have, their occupancy is higher now, their average daily rate is higher than our own, yet we continue to sit and just take the scraps that are coming from the other side now.

I think we should have the opportunity to put a casino here and then market and be able to spin off from all the work they've already done. This is a good opportunity, in that there's already people coming to this area to take part in casino gaming. I feel this gives us the opportunity to create employment for our citizens. We have about 1,300 rooms here in our community; they have about the same now. They have approximately 14,500 in their population; we have about 81,000. There do seem to be some inadequacies there in regard to the number of accommodations available.

There are a couple of things I'd like to address. To me, the two issues we have are the possibility of the development of the economy here locally and also, of course, the general cash flow for the province.

The government can get cash flow from a number of areas when it puts its casinos in different places, but in our community it has a great opportunity to do something for the development of our city. We're experiencing an unemployment rate of somewhere around 16%, and we have one of the highest welfare percentages now; I think it's somewhere around 10%. There is nothing we can do as citizens in our province that I think is greater than giving people the dignity of a job. I think we have a great opportunity to do that.

I really have not gone into a lot of other detail. I just feel that Sault Ste Marie does have the opportunity to be a very good location for a casino. It has the opportunities here because it can spin off from our counterparts in Sault, Michigan. We can work together. We can create a good environment.

**Mr McClelland:** I don't know if you said you're losing the war but certainly that you're engaged in a battle with respect to cross-border shopping and find it difficult to find some remedy. I would suggest, and correct me if I'm wrong, that gaming is another draw, another product. If I run a men's clothing store in Sault, Michigan, and my friend Mr Carr runs one here, we're competitors. In that context, a casino here and a casino stateside are competitors, so what do we need to do to get the advantage to win that cross-border war?

**Mr Gallagher:** Do you mean in the gaming field?

**Mr McClelland:** Yes.

**Mr Gallagher:** In terms of the restrictions the present government is looking at on its proposals?

**Mr McClelland:** Well, whatever. It was interesting that you said, if I heard you correctly—I thought I heard you saying, and correct me if I'm wrong—that we're having a difficult time and we're not really winning the battle on cross-border shopping.

**Mr Gallagher:** Certain aspects come into the cross-border shopping issue that we can't deal with today, I would presume. Let's face it.

**Mr McClelland:** But in that context a casino on either side is in effect a cross-border competition. How



do you see us measuring head to head with that and winning at least a reasonable market share?

**Mr Gallagher:** First off, a 10,000-square-foot casino I don't think would be large enough. I feel it just doesn't have the viability and would need to be greater in size. Personally, I feel that the availability of entertainment, food and possibly drink would play a big part. People are looking for a total experience. Even from the tourist aspect today, people are looking more and more for packaging and less and less for themselves coming out and individually purchasing different features as they go along through their trip. If you have to have gaming in one area and no access to the other parts that fit into it, it could cause a problem. Is that the kind of thing you were looking for?

**Mr McClelland:** I guess that helps. One of the issues that remains is an issue that Mr Kwinter has often raised, that we still have the element of competition and we're still going to have to beat the competition at the game, so to speak, no pun intended.

**Mr Gallagher:** But if we're not allowed to get into the game—

**Mr McClelland:** Just as you have to beat the competition if you're marketing whatever; pick your product. You still have to beat them at the end of the day, going after a limited market, a limited dollar. The product we put forward has to compete both in terms of cost and service and all the amenities that go with it.

**Mr Gallagher:** I don't want to create an adversarial situation between Sault Ste Marie, Michigan, and Sault Ste Marie, Canada; I don't think there needs to be.

**Mr McClelland:** Nobody benefits in the long run.

**Mr Gallagher:** I think there are benefits on both sides and that we can help each other.

**Mr Phillips:** Have you had an opportunity to look at models that you think are ones, in your Ramada experience, we should be particularly supportive of?

**Mr Gallagher:** The little I know is what I've read through trade publications and so on. I do believe that a complete package is needed more. They are fulfilling that across in Sault, Michigan, now. They have entertainment, they have the gaming and they have restaurants. As I say, I don't have a lot of experience personally in gambling, but from what I've read in trade publications, whether it be upscale or not—when I say “upscale,” I mean possibly more like the European style or Las Vegas—it needs to be seen as more than just gambling; it needs to be seen as a total entertainment package, from what I can see.

**Mr Phillips:** One of the concerns some have is that I don't think you can pick up a newspaper today or visit anywhere in North America that isn't considering casinos. It's seen as kind of the answer to everyone's problems. The challenge with that is that if everyone proceeds with them, there is the risk that one

oversubscribes to it. That's fine, maybe, and you can say: “So what? We had our run at it.”

The challenge then is if you've built that as an important element in your community and it doesn't work. You've invested some money in it—that's fine; that's gone—but also you've invested an awful lot of your future in that one when in theory there may have been an alternative. I'm not sure how Ramada works and whether the managers get together periodically and discuss the trends and what's going on. Is that a risk that we should be at all concerned about?

**Mr Gallagher:** An oversaturation of the market?

**Mr Phillips:** Yes, in the North American market, full casinos.

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**Mr Gallagher:** Obviously that's a risk. I think that's obvious to everyone, particularly if you look at what's proposed. The idea of a number of 10,000-square-foot casinos scattered throughout Ontario I don't think makes a lot of sense, personally. Las Vegas wouldn't be Las Vegas if it were in every community; it wouldn't exist.

That's why I see the opportunity for cross-border relationships being very good. We are experiencing particular pressures in our community—all border cities are—that other parts of the province don't. By that token, we would have an opportunity here to offset them that other parts of the province shouldn't, in my opinion. I'm not saying that they don't deserve as much as we do, but obviously we can give them their gambling, but we can give it here in our location to offset our pressures. Does that answer—

**Mr Phillips:** That's helpful, yes. Do you have a view that perhaps people who would be attracted to casinos would like a variety of casinos over a period of days to deal with?

**Mr Gallagher:** I think that's quite possible. From my experience, just dealing with customers, there are a lot of customers who would far prefer to stay on the Canadian side. They stay here for a major part of their entertainment and then they find out that there is only the casino on the American side and they travel over. I can't blame them for that. We can't fulfil that need. It has potential for convention business; it already has brought some convention business in. Unfortunately, they're dollars that could have been spent in our own province that are spent outside.

**Mr Phillips:** Judgementally, the government plans to take a fair rake-off or profit and the people who will put up the capital will want a fair return as well. That's going to take a fair bit of disposable income out of the economy. Is there any concern by the business community that that amount of disposable income going to that one source is risky, or is the belief that it's money that wouldn't have been spent here anyway so it's all out-of-town money that's coming in?

**Mr Gallagher:** Are you saying that disposable income that would have been spent on movies and fast food and so on is spent on gambling rather than in those other areas?

**Mr Phillips:** Yes.

**Mr Gallagher:** I don't really think that comes into play so much. I think people who are going to gamble are already taking advantage of the opportunity to cross in Sault, Michigan. I think we just have the potential of keeping more people within our own community to do that.

**Mrs Marland:** It's interesting when the discussion comes up about the competition. Obviously, we all know there's a reason why Harvey's locates opposite McDonald's and McDonald's locates opposite Wendy's. It speaks for itself, what happens with that kind of competition and why they do that. But for them it's a level playing field. I hate using that expression because it's so overused, but for them everything is equal: They have potentially the same product and they have the same draw from the same kinds of purchasers.

How do you feel when you're here supporting—well, technically, we don't know what the government is saying it would support in the Sault, but it certainly seems to be following the Coopers and Lybrand recommendations in some areas and initially in Windsor. How does it make you feel when you think about the competition and you know the possibility is that we might be talking about 10,000 square feet in Sault Ste Marie, Canada, and already you're facing, what is it, 50,000 square feet in Vegas Kewadin and we're talking about 75,000 feet in Windsor? What is the difference between Windsor and Sault Ste Marie?

I have some ideas of what the answers are, but I'm asking these questions because I need to hear the answers from someone like you who lives and works here. If the government were really going to be fair about casinos in this province, is it possible that it might have been more fair for it to put a large casino in Sault Ste Marie, Canada, that at least had a chance to compete with what is already a large casino in Sault, Michigan, whereas in Windsor, the Windsor casino right now doesn't have any competition across the bridge in Detroit? How do you feel about that?

**Mr Gallagher:** It seems like you've answered your own question there, to some degree. Obviously, we would like a large casino here on our side to compete with the existing one. Windsor's experience will not be the same as Sault Ste Marie's experience. It has a large metropolitan community right across its border; we have a much smaller community right across our border. They don't have the competition of an existing casino; we do. I really don't see how we can compare. I also don't see how a study there can relate to the existence of a casino here. I don't know if that answers it.

**Mrs Marland:** Are you trying to convey these concerns, other than through the committee today? You've got seven government members sitting in this room today. Is the municipality? We heard this morning that the Minister of Consumer and Commercial Relations hasn't even acknowledged, let alone replied to, a letter from the mayor and the municipality. But what are other people in this community doing in terms of letting the provincial government in Ontario know that the way it's going is not fair to this municipality compared to what's going on in Windsor?

**Mr Gallagher:** We've met with our member of Parliament. I have met with Tony and talked on this issue before. We are here speaking to you today. I can't represent my municipality. I'm representing my hotel. I'm representing the employees who work with me. It's not just my responsibility to represent the investors. It's my responsibility to represent the people who work for me, and they see this as a positive. They see this as an opportunity to keep their jobs and create jobs for other members of their families.

It comes down basically to the costs involved in having a community that's experiencing a downturn in its economy. It hurts them, not just financially; it hurts you morally. As I say, there's nothing greater that you can give anyone than a job.

**Mrs Marland:** I understand why you're here. I understand what's going on with a 17% unemployment rate in the Sault. The reason I'm asking the questions is that, living in a municipality that has four MPPs, and we have half a million people in the city of Mississauga, I say to people, as somebody who's been at Queen's Park eight years, "Don't only deal with me." In your case, don't only deal with your local MPP. You should be getting the people who work for you to write to this government, to write to the Premier and to write to the minister directly.

You're with a very large hotel chain. It's in the interests of your hotel chain, so are the people above you for Ramada Inns in Canada and in Ontario doing anything to try to advocate on behalf of the people in the Sault with this government?

**Mr Gallagher:** We are a franchise operation and we deal independently. We are part of the chain, but it is not really the chain's responsibility to be taking my issues up. I don't feel that would be proper. I deal with the owner and with our investors and I deal with the people whom I work with on a regular basis.

**Mrs Marland:** Would you be willing to try to encourage everybody you know—

**Mr Gallagher:** Absolutely.

**Mrs Marland:** —to become a direct voice to the government so that it's not all on the—I'm sure that your local member would welcome support from other colleagues, especially in the cabinet, in terms of saying:



"Look, what you're doing in Windsor isn't fair. They don't have any existing competition. We're asking for something for the Sault that's relative to an existing situation of 50,000 square feet of competition." Would you be willing to broaden that base?

**Mr Gallagher:** Obviously, yes.

**Mr Carr:** Speaking about your industry in particular, if a casino comes, taking a look at everything else, you mentioned, I think, that you can compete. The price of hotel rooms is cheaper. With the Canadian dollar and the high tax on liquor, cigarettes and all forms of booze and so on, from your standpoint in your industry, how do you compare in terms of percentage, including the dollar and everything else for a hotel room and a convention, say?

The reason I say this is that one of the concerns we've got in, for example, Metropolitan Toronto is that they have a big concern that we've got a great new Metropolitan Toronto Convention Centre and they say the problem in getting conventions coming is the price of food and the booze and so on with the high taxes on them. It prices them out. Of course, Toronto is high-priced anyway. But how do you compare with Sault, Michigan, in terms of your prices in your particular field, in your industry, in the hotels?

**Mr Gallagher:** Well, first off, in regard to alcohol we can't compete, okay? Their pricing is obviously a lot less. That's due to taxation. Their food is slightly less expensive, but that all comes down then to an opinion on quality. I feel that the food quality here in Sault, Canada, cannot be matched.

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**Mr Carr:** But you're close.

**Mr Gallagher:** It's competitive. If you really look at quality compared to dollar, I feel that Sault Ste Marie, Canada, can't be matched. In terms of accommodation we're extremely competitive on the pricing, if not better, in many cases.

**Mr Carr:** So all told, you are in the ballpark.

**Mr Gallagher:** I feel that in the tourism sector we can compete very effectively against Sault, Michigan.

**Mr Carr:** Is that based on the dollar being what it is now, or does it have a range which affects it more than anything else?

**Mr Gallagher:** That is a part of it, and also expectations on profit and so on I think are slightly different now from what they might have been at one time.

**Mr Carr:** Good. What is your vacancy rate now?

**Mr Gallagher:** It is around 45%. On an annual basis, you mean?

**Mr Carr:** Yes, on an annual basis.

**Mr Gallagher:** In the community, you're speaking, right?

**Mr Carr:** Yes.

**Mr Gallagher:** Yes.

**Mr Carr:** What do you anticipate with a casino? Do you have any idea what it would go to?

**Mr Gallagher:** I can't really make an assumption, but I would presume that it could climb somewhere up through the 70% mark. It would help balance off the slower season.

**Mr Carr:** Good luck.

**Mr Lessard:** Mr Gallagher, I'm not speaking on behalf of all the committee members, but I'm sure that I'd be more than happy to meet with you at any time to discuss the issues with respect to Ramada and your ambitions here in Sault Ste Marie. But I just want to point out to you the effective job that Tony Martin, the member for Sault Ste Marie, is doing in advocating the interests of the Sault with his other government members. He always makes sure that I'm well aware of what's going on in the Sault, and he has a big interest in what's happening in Windsor, in my area, as well.

**Mr Gallagher:** I've made no implication that he doesn't.

**Mr Lessard:** I know, but I appreciate Ms Marland's suggestions that maybe you should be doing more. I just wanted to let you know that Mr Martin is working well on your behalf.

I did want to ask you whether you had any feelings about whether there should be a hotel or restaurant complex connected to any casino facility, or whether you had thought about something like that.

**Mr Gallagher:** I think it has a great deal of opportunity. It doesn't have to be that way, but it depends on the size of the facility. If it's only 10,000 square feet, it would make sense to be directly linked to a hotel convention facility, let's say.

**Mr Lessard:** Part of the proposal in Windsor is that the facility is 75,000 square feet. A hotel with a maximum of 300 rooms could be constructed, but only after the rest of the hotels have 75% occupancy in them within the downtown area. We've heard from some people who say that if you want to have a successful casino, you really need a hotel connected to it right from the start.

**Mr Gallagher:** I don't have expertise in the field of casinos. I can't make that general comment.

**Mr Martin:** I just want to put on the record some information that was stated by Mrs Marland that in fact is incorrect. I corrected it this morning, but it still keeps coming out. The minister has in fact responded to this community's written request for information etc. There's a letter here to Lorie Bottos, the city solicitor, dated June 11, on this issue. There's another letter from the minister to Frank Sarlo, who was the then chairman of the Sault Ste Marie Economic Development Corp, responding to a letter that he wrote re the issue.

The other issue, though, that seems to be one of some difficulty, and I understand, is our inability to get a meeting between the mayor and the minister. I've been working on that. The difficulty is giving out signals and raising expectations that can't be fulfilled in the immediate future at this point.

We said initially when we introduced this initiative that we were going to go about it very cautiously and carefully so that we build the correct foundation, so that we don't make huge mistakes initially that would come back to haunt us after. You should appreciate that the minister has had probably 25 or 30 requests from communities across the province wanting to meet, wanting to talk about a casino in their community. We're just wanting to be careful at this point that we don't give anybody any false expectations.

However, I think it's important to note that the reason I'm so aggressively chasing this is that this was announced as a cross-border initiative. So I think we certainly are in line should there be room for more and should we decide in the future that we want to move forward after we've had a good look at the Windsor experience. However, that wasn't what I wanted to ask you questions about. I just wanted to put that on the record.

I wanted to talk to you about the 10,000-square-foot issue. I raised this with Coopers and Lybrand when they presented in Toronto last week. They did recommend 10,000 square feet for Sault Ste Marie, but on questioning they said minimum 10,000 square feet. That's what they were basing their study on. They said that when they drew a concentric circle around the Sault and the possible market we have, a 10,000-square-foot-minimum casino would probably do the trick, and based on that, they did some of their projections.

I asked them at that time if they had considered the fact that across the river they already had a casino of some 45,000 to 50,000 square feet. They said that when they were here, it wasn't that size, it was probably 10,000 to 15,000; it was in its early stages. So their study was based on that kind of setup. I'm sure if they came back and looked at it now, it would change their figures considerably.

The question I asked them that I wanted to ask you was, they didn't look beyond the concentric circle. We are able, I believe, and you can answer this for me, to attract a goodly number of folks to our area for skiing, particularly in the wintertime, from the Chicago area. The Chicago area was left out of their study.

**Mr Gallagher:** I consider that a major drawing area.

**Mr Martin:** They claim that folks would prefer to just shoot across to Windsor as opposed to coming up to the Sault. But I'm saying that the critical mass of skiing, the tour train, the snow train and gambling would in fact probably pull some people here. How

many people are we getting now at this time from that area coming up this way and how many more do you think we would get if we had a casino as a piece of the attraction in this community?

**Mr Gallagher:** To give you a figure directly of how many are coming out of that particular area, I can't, but I could see a definite increase in that market. I've done many of the trade shows in those areas myself, and there is a high level of awareness about the Vegas Kewadin area. Much of the marketing we've done has helped draw people into their accommodations rather than over to ourselves, because of the access to the casino being right there. I think what would happen is that we would get a greater amount of the people who truly should be coming to this destination in the first place rather than stopping only three miles away.

**Mr Martin:** They drew a concentric circle that took in Thunder Bay and Sudbury, and of course they also said Thunder Bay could probably pull from the Minnesota-Winnipeg area.

**Mr Gallagher:** Absolutely.

**Mr Martin:** Sudbury, they figured, had an area of its own.

**Mr Gallagher:** Personally, I feel that Sudbury would be a feeder market for ourselves. We already are a tourist destination for Sudbury-North Bay. As I say, I know of casino tours that are travelling from North Bay to Sault, Michigan.

**Mr Martin:** Already.

**Mr Gallagher:** Already. That must be a feeder market, if they're coming from there.

**The Chair:** Our time has expired, unfortunately. Mr Gallagher, thank you very much for presenting before the committee this afternoon.

#### CAMBRIAN BOWLING LANES

**The Chair:** Toni McDonald, representing Cambrian bowling centre. You have 30 minutes to make your presentation and field some questions from members.

**Ms Toni McDonald:** I am representing Cambrian Bowling Lanes, but also just as a citizen of the city as well. When it was mentioned to me about the committee coming here to get feedback in regard to having a casino in Sault Ste Marie, of course my first thought was how it would improve our unemployment situation in this city greatly, because there's such a high rate of unemployment here right now due to the fact of the steel plant going down, the possibility of St Marys Paper going down and a lot of small businesses having to close up. The tourist trade has depleted a little bit over the last couple of years. So the possibility of a casino coming here and maybe creating some new jobs for a lot of people would benefit the whole city in the long run, where small businessmen would be able to start hiring maybe a few more employees to handle the increase in the traffic coming to the city, also the people



who are now employed being able to spend more money on what they need to buy.

**1530**

I know also, from personal conversations around town, that there are a lot of local people who take their money and go over to Sault, Michigan, and spend their money there, where maybe the Sault would benefit by the local people staying here and going to the casino and spending their money there and keeping the dollar in Canada, keeping our money in Canada instead of the US—not wanting to take away from the American trade, but there are also tourists who stay in the city and want to know what they can do for entertainment in the evening and hear about the casino, and we're literally sending them out of our city to spend their money over there instead of keeping them here with that kind of entertainment. That's what they're looking for.

I had someone tell me just the other day that they know of someone whose vacation is to travel up here and go and spend his money at the casino. That's his vacation. He comes and spends big money at the casino, and it would be nice to have him stay with us and spend his money here.

Also, just about a month ago, I was away at a convention in North Bay, and we were bidding on this convention coming to the Sault within the next year or two. They say: "Sure, we'd love to come back there. We even want to go back over to Vegas Kewadin." So some people are using that as their criterion in regard to booking a convention here, because of what they can do in the evening after the convention, after spending all day in meetings, going over to Vegas Kewadin and spending the evening with some entertainment.

As far as Cambrian Bowling Lanes is concerned, we're in the process of trying to secure a major bowling tournament which would run every year, except every third year we would sit out, so for two years straight we'd be attracting 5,000 bowlers to this city from northern Michigan. We're very excited about it because it's major income for the city as well as for the bowling centre. But this would be an added attraction that we could also put forward when we're bidding for this tournament because of the attraction with the casino. Bowlers, whether you know it or not, when they go away on tournaments, spend a lot of money when they're away, and not just the ladies; the men as well. They're looking for some nice entertainment in the evenings; they've bowled all day and they're away from home. So there is a lot of money for us as a city to be made out of achieving this tournament. Any way possible to help secure it would be great, and a casino would be one added advantage for us in securing that tournament.

There are also a lot of other tournaments that are held here, and again those bowlers are travelling across the border in the evening after they bowl and spending their

money over there, and it would be nice to say: "Hey, just go down over here. We have a nice casino that would be more than happy to take your money." We do get a lot of bowlers from northern Michigan as well. They come to Sault Ste Marie, stay with us, they bowl here but then go back in the evening across the border.

All in all, I probably haven't used my whole 15 minutes and I probably didn't have enough prepared for the full 15 minutes, but I'm very much in favour of the casino coming here. I think it would be very beneficial to this city. We do need something to improve our employment situation, improve our tourist trade. We have a beautiful city; we have a lot to offer in terms of skiing and the tour trains and everything. But since Vegas Kewadin came in across the river, I notice we lose a lot of people, even our own people, over to the other side and it would be nice to keep them here. Personally, I do not cross the border to shop, get gas or anything. I'm a loyal Canadian, a loyal Sault-ite and my money stays here, so I'd like to see the other Sault-ites keep their money here as well. That's all I have to say.

**Mr Carr:** In terms of lost business because of the economy and the number of people unemployed in the community, how much again is your business down percentage-wise?

**Ms McDonald:** Our centre used to be full every night of the week and now we're down, I'd say, about 35% to 40%. We have lots of open lanes in the evening now where we never used to.

**Mr Carr:** That's a direct result of the economy, or is that because there are so many other different things that people are doing now?

**Ms McDonald:** That's a direct result of the economy. People who normally would bowl maybe more than one night a week now can't afford to bowl more than one night a week; they've had to cut back. It has affected not only our centre; there are two other centres in town and we're all down since the last several years. I think it's been about three, four years since the plant initially went on strike. Since the last strike they had, things have really gone down as far as business is concerned.

**Mr Carr:** Obviously, during the period of the strike too the business went down substantially as well?

**Ms McDonald:** Most definitely.

**Mr Carr:** With the amount we heard this morning that can be expected—the ministry says the jobs will be anywhere from \$25,000 to \$30,000. We heard from a lady in the industry today who says it'll probably be more than that. With the number of jobs, you can see how much is going to be pumped in. Do you anticipate now, with the casino—you say you're down 35%—do you see getting back to where you were before, just based on the casinos?

**Ms McDonald:** I think so. With a definite increase

in employment, I think all the bowling centres would enjoy the pleasure of the increase in business because then our leagues would grow bigger, our open bowling would have more of a waiting list at night and hopefully it would be nice to be at the point where we would have a hard time accommodating everybody. But yes, I definitely see an increase in business and also, then we'd probably have to hire on a few more staff too, which is creating more jobs as well, with the increase.

**Mr Carr:** Good luck.

1540

**Mr Sutherland:** I get the sense from you that you don't see the casino as being the panacea for solving all the problems, but it may help as part of a broader package.

**Ms McDonald:** As a broader spectrum, yes, not the main solution, definitely not the main solution, but just maybe part of the solution to help develop, whether it's another industry coming into the city or not. If there was a totally separate industry besides the casino coming in that was going to create more jobs, that would have the same effect on the city as well.

**The Chair:** Does the Liberal caucus have any questions?

**Mr Phillips:** No. I appreciate your coming and sharing your view on the sense of optimism you have around the casinos. Have you had an opportunity to talk to any operators who may have been in cities where casinos came to that community and what happened as a result of a casino for an industry like yours?

**Ms McDonald:** No, I have not had that pleasure, but I probably will when I travel down to the United States this year. I haven't had that opportunity to talk to anybody in my field who didn't have a casino and then they did have a casino to see the difference or the increase of business. All I know is when we travel away to tournaments and there's a casino, our bowlers are gone. Once we're done bowling in the tournament, they're gone to the casino. They like the idea that there's that attraction when we go down there.

**Mr Phillips:** Do you have any 10-pin lanes?

**Ms McDonald:** We're all 10-pin here. There is no five-pin in this city any more.

**Mr Phillips:** Five-pin's gone, is it?

**Ms McDonald:** Up here it is. In Sudbury there's five-pin.

**Mr Phillips:** So you're all ready for the influx. Good.

**The Chair:** Thank you, Ms McDonald, for presenting before the committee today.

**Ms McDonald:** It's been a pleasure.

**The Chair:** I want to bring to the attention of the committee that we have 17 or 18 minutes left. Dennis Jones, representing the first nations Garden River band,

is here and he'd like to make a presentation. I'm in the hands of the committee. If you'd like to fit him into the remaining time, he would appreciate it, most certainly. The sooner he gets here the better.

I'd like to inform the ministry people that we have another short presentation to go through and then we'll get to you.

I'd like to welcome Dennis Jones—

**Interjection:** That's not Dennis.

**Mr Chris Belleau:** The chief has taken a washroom break. My name is Chris Belleau. I'm a councillor with Garden River.

**The Chair:** I understand the chief will be making the presentation.

**Mr Belleau:** He'll be leading off with his statement.

**The Chair:** I guess it's an appropriate time for me to inform committee members who are travelling with the committee that tomorrow morning at 7:45 there will be two mini-vans outside the hotel in order to take us to the airport. That's a quarter to 8. I thought you might like to know that so that you don't get left behind.

#### GARDEN RIVER FIRST NATION

**The Chair:** Chief Dennis Jones, we have found some time for you, so if you would like to proceed with your presentation and hopefully there'll be some time for some questions from committee members.

**Mr Dennis Jones:** I thank you for the opportunity to be here. One of the things I'd like to say is, yes, we are interested in developing a casino. It seems like there is good cooperation in the area. I do realize how it could economically benefit all the people in the area. I sense that there is cooperation here and I'd like to have the opportunity explore all our options. I have one of my councillors here, Chris Belleau. He wants to outline some of the areas where we maybe can assist.

**Mr Belleau:** Basically, I've come here this morning to learn what the province's perspective is with regard to the whole casino activity enterprise or what its constraints are. One of the things I've learned today is that most governments, whether they're federal or provincial, seem to be kind of wary in terms of what their next move is going to be with regard to casinos, both on a Criminal Code federal jurisdiction basis and what is currently being administered by the provinces.

I wanted to communicate our perspective in terms of how we view gaming. Basically, we view gaming as an entertainment business, one where individuals go to these establishments responsibly to seek a different form of entertainment.

One of the questions we keep getting in our community is, when is the government going to get out of the business of protecting people from themselves? In a free and democratic society, people have responsibilities and it's incumbent upon each individual to manage them-



selves with these responsibilities and freedoms.

With regard to Criminal Code aspects that seem to be very much a concern and rightfully should be, because the Criminal Code basically reflects the views of society in terms of conduct it views as prohibited, whether the activity be carried out by any individual, one of our concerns always is what happens when you have a regulated activity that's prohibited under the Criminal Code? It strikes us as a bit of an anomaly, because Criminal Code activities are prohibited activities, as they should be. However, when one starts regulated activities in an approval sense, they definitely have no more place in the Criminal Code, much like the American experience when alcohol was prohibited from their citizens; it made criminals out of their citizens. Today we seem to have outgrown that social activity of prohibiting that conduct and it becomes a part of society.

We ourselves were prohibited until 1958 from possessing alcohol. I don't have to tell you that there's a direct relationship of the degree of prohibition to the degree of abuse. We kind of view that casino activity is along those lines: When one is prohibited and not regulated in the responsible conducts and one does not have these outlets, then the activity does become abused. I'm happy to say that the alcohol abuse we have seen as a population in our communities has levelled out to something that we see as manageable and something that we hope in the near future we'll be able to rid ourselves of, because it is no longer a prohibited activity in our territories. We have that same perspective in terms of how legislation impacts upon the social conduct in a community.

1550

One of the perspectives we hold with regard to gambling is that we're a little confused in terms of—you've got to understand that we sometimes don't share the same global vision as the rest of maybe Ontario or the rest of Canada does. A lot of times we see the whole issue of gaming as one of control and authority and reaping of profit, because we don't see very much difference between bingos and gambling, horse races and casino activity or a very much respected and accepted form of gambling: stock market investment. I've put money in the investments and I've lost money, and I didn't see anybody say I was gambling; I just made a bad investment. That's a little confusing to us. It strikes us as one where the real issues are: Who's controlling? Who's getting the profit? Who's channelling the money where?

Our perspective with regard to this issue, and one of the reasons we didn't come so formally towards the committee, is that it was our understanding that this was with regard to site-specific issues. We weren't here with cap in hand looking for Garden River to be designated as a site. Sault Ste Marie has done its job, a very good

job, to represent itself to its superior government, the province. We view ourselves with the province in a government-to-government relationship, as is reflected by the province in its Statement of Political Relationship with the aboriginal population here; that our relationship was going to be more defined in terms of negotiated agreements and mutual win-win situations with regard to any issue under self-government with the province.

One of our biggest concerns of course is our jurisdiction. When you're dealing with the city of Sault Ste Marie, you do not have that issue to deal with. Of course, when we talk about the issue of jurisdiction, we delve into the issue of self-government. We did not want to centre the issue of self-government around the running of gaming casinos because it's an issue that probably won't meet with favour within your society and, very much so, it would not meet much favour within our society.

The issue of governmental authorities to carry on regulated activities we think should go on in an environment based on respect, based on equality of governments, based on equity—being one where Ontario is a large government and we're a very small government—and one based on reciprocity. What one extends to the other, we're willing to extend back. What Ontario extends to us, we're willing to extend to Ontario. A government-to-government relationship fostered on those four premises should offer preservation and win-win situations for both governments.

We see our future relationship being one where, in an effort to protect our jurisdiction, we're willing to parallel legal frameworks by which each society can reap the benefit from an activity that is condoned by both societies. If it involves revenue-sharing, then we're willing to look at that. If it involves similar legislative or legal frameworks, then we're willing to look at that and entertain these issues.

We would like these issues to be dealt with in a political accord, in an agreement between the political aspects of both our plenipotentates so that each reap the benefit. Clearly, when we involve ourselves in an enterprise involving your population, we are involving ourselves in your market area. Clearly, when you involve yourself in an activity that involves our population, you involve yourselves in our market area. A sharing of that market area and a sharing of the resources and benefits of that market area is only right, and it's a reciprocal relationship that we extend to one another.

We are a little concerned that Bill 8 does not address these issues adequately. We would propose that there be an amendment to Bill 8 that includes the provision for your commission to be able to come to mutually beneficial agreement with our commission and government so that this activity can hopefully prosper and

provide a destination source for this area.

We would like Bill 8 to be amended so that perhaps if there were a need—and you will acknowledge that there is a need because the federal government is charged with the jurisdiction of the Criminal Code—the limitations that are placed before you can be surmounted and we could together go to the federal government to see that certain limitations that presently you are now operating under, at the same time we are, can be dealt with beneficially for Canada, Ontario and first nation governments. If that relationship could be fostered, then we would definitely see positive signs for development into the future.

At present, the federal government seems to be very silent with regard to its participation and perhaps lifting of limitations on yourselves and ourselves. I believe we could potentially play a very positive role in ending that silence or stalemate.

We would be looking for these amendments of Bill 8 to facilitate (1) both our developments and (2) our development in our community at our own pace within our own jurisdiction.

With that, one of the benefits I'd like to talk to you about is based on our view of the American tribal experience with regard to gaming. I found out at a conference in Toronto last week that what had happened was really against the rules, but on a visit to a very large tribal casino in Minnesota, we were allowed to see the surveillance equipment to see how advanced technologically it was and how much technology had been assimilated into their organization with regard to gaming and how extensive it was.

I understand it's a violation, because for security reasons no one should be looking at surveillance except the people who run it, but it came as a surprise to us that the people in Las Vegas go to the tribal governments and ask for consultation with regard to the new technology and how it applies to casino surveillance and security. It's very expensive. The American Indian tribes are currently the most advanced in the world with regard to surveillance and offer that service at a high price, a price that Ontario would have to pay. They have made the commitment to us that if we were to request such surveillance expertise, they would offer that at very minimal cost in a process of sharing and commitment to one another, as we are the same people.

But I will caution that it is cutting-edge technology, one that we see as beneficial because it helps in our development because it's new technology that we can assimilate and hopefully use in the development of new technologies, much like NASA uses cutting-edge technology and shares with its own society. So we see that as being a positive development.

One of the misconceptions that seems to get out into the public is that first nation governments are non-

taxable and that somehow this is all tax-free. One of the eye-openers that I had become cognizant of in my study of the American situation is that, quite to the contrary, American tribes tax their casino operations 100%. The reason I say that is the total amount of all net revenues goes right back into socially needed programs: It goes into education, it goes into housing, it goes into economic development.

#### 1600

One of the biggest pieces of advice or information that they pass on to us is, "Don't view"—and I know that a lot of people here today have looked to you and said: "This is a panacea of opportunity. This is a money-maker." They basically tell us: "Don't take that view. Look at casino operations as not an end but a means to economic development. It's an opportunity now to take needed cash, needed capital, capital that first nations do not have access to and apply it to medium-term and long-term diversification, economy strategies for your society. Use it as a benefit now, but realize that the actual object is to have lawyers, to have doctors, to have hospitals, to have proper housing, to have proper education. Use it for those ends."

There's many an experience that happens where a lot of people expand into casino operations, and I imagine they've had their minor experiences with that, and when the market fell out, there was no provision for tomorrow. So basically, they give us this recommendation, and we have to take it as good advice because we have seen communities that were completely on a welfare list now putting out lawyers, now putting out doctors, now having hospitals, now having adequate housing, now having proper service to their communities.

We take that experience and we're hoping to apply that, but at the same time responsibly apply that, because the operations that got going in the United States came out of confrontation, came out of non-cooperation with the state and many times, perhaps, with the federal government. We'd like to change that and we'd like to change a bit of colonial attitude that does exist in Canada that Indians aren't supposed to be in business, Indians aren't supposed to do this. We'd like to move ahead cooperatively, one where it's a win for the Ontario government, it's a win for first nation government and it's a win for Canadian government.

We don't need to carry on the history where Canada is willing to pay \$200 to \$300 a day for keeping an Indian incarcerated in a prison but is not willing to pay the minor amounts that it would take to educate that person and keep them out of that system. We'd like to see it done cooperatively. We'd like to see it done responsibly.

We're willing to parallel all the legislation that we have within our jurisdiction to make sure that this is run right, the integrity of our community is maintained and the benefits for our local communities, which includes



Sault Ste Marie, which would have a very substantial benefit from any enterprise we go forward on, because it has the hotels, it has the infrastructure, it has that in place now, and to seek the immediate benefit. We have no trouble with going ahead with that cooperatively. Thank you.

**The Chair:** Thank you very much. If we are to allow you the full 30 minutes, that would give each caucus about three minutes to ask a question. I just want to let you know that some of the ministry staff who are here have to catch a plane, so it's essential that we get to them as quickly as possible.

**Mrs Marland:** I want to just acknowledge up front, this is the first day that I've had the opportunity to sit on this committee, and as far as I'm concerned, you've just made a very powerful presentation. I'm really impressed with what you've just had to say to this committee, speaking for myself.

I'm not sure whether, from what you've said—and be sympathetic because I'm only from Mississauga; I'm not from northern Ontario, so I'm not current on everything that's going on in the Sault. But you're talking about—I was trying to make notes as you were talking—sharing a market area, and then you went on to address the fact that there are concerns that you have that Bill 8 doesn't address some of the issues, which I'll be able to re-read in printed Hansard. But are you looking at Garden River establishing a casino itself? Is that something that you're contemplating?

**Mr Belleau:** Okay then, I guess perhaps I'll let the chief—because that was his very first statement, that Garden River is looking at establishing a casino.

**Mrs Marland:** I'm sorry, I didn't hear that.

**Mr Jones:** That might have been my fault, but yes, that's where we're looking.

**Mrs Marland:** Okay. When you spoke I asked them to turn the volume up over there, and I guess that's why I missed it. So what's the timing on what you want to do, and do you see that because you're self-governed that you don't need any permission from any other government to go ahead with a casino?

**Mr Belleau:** It's not our intention to introduce an environment of crisis management or conflict management between our two governments. It is responsible and proper that we sit down as governments within this nation called Canada to seek positive developments and processes for our mutual development. This is why you do not see construction of a casino in Garden River right now. We wish to have the cooperation and acknowledgement of the province with regard to what your concerns are, what our concerns are, and that these be resolved prior to the establishment.

**Mrs Marland:** I'm asking these questions out of sincere interest and total innocence as to what the background of this is. Would it be your choice, then, to

have a location on your property and have the spinoff benefits to the commerce and tourism industry in the city of Sault Ste Marie, Canada, as a whole? Is that what you see happening, something similar to Sault, Michigan, or not?

**Mr Jones:** What we're seeking here, and I think it's here, is cooperation. We have to live just like the people in Sault Ste Marie, and we've always lived side by side here. We have an opportunity here now. If we can explore those opportunities, I think that once we explore these opportunities or have the opportunity to do that, then you can see—it's pretty hard for me to say that right now, but that's the way we're coming from, yes.

**Mrs Marland:** Are you conversing now with the government and the city of Sault Ste Marie, Ontario?

**Mr Jones:** I've met with Tony, I've met with Bud Wildman and I've met with the mayor. That's the approach we'd like to take, yes. We want to sit down and discuss this, and I think that the options are there. Let's look at these options and see if we can go forward with them.

**Mr Belleau:** I think in my presentation what I did say is that if Garden River were to be a destination spot with regard to a casino, the immediate benefactor with regard to economic spinoff automatically becomes Sault Ste Marie. We do not have the population to hire the full complement of staff that would be required for such a casino. Those people obviously have to come from Sault Ste Marie or the surrounding communities. We do not have hotel complexes. That immediate benefit does go to Sault Ste Marie with regard to hotel vacancies and bookings.

**The Chair:** Mr Martin. I'm sorry, Mrs Marland, we've gone way beyond your time if we're going to be fair with everyone here.

**Mr Martin:** Go ahead.

**Mrs Marland:** Just on the surveillance technology, what you're saying is that because of the association with the American brotherhood you would be able to help get a deal on something as important as the surveillance technology.

1610

**Mr Belleau:** We realize that that technology would be important to the province because basically the province does not have that high degree of technology. I was very impressed on how extensive it is and the type of regulations and policy and legislative frameworks that have to be in place. Our government is just as caring with regard to its integrity, that a business is being run honestly and properly, as your government would be. It's very extensive, and it's one that has to be shared, and it's one that we'd be willing to share with Ontario.

**Mr Martin:** I just want, Chief and Chris, to say, as Mrs Marland did, how impressed I was with your

presentation. We've had discussions, you've answered most of my questions, and we don't have any questions at this time because time is of the essence here. I just want to thank you for coming.

**Mr McClelland:** It seems to me, and you may want to comment or editorialize and qualify my statement, if I hear you correctly, sir, you're saying you want to proceed cooperatively. Implicit in that is a sense I have that you're going to proceed at some point in time. At what point do you feel compelled to make your move? If and when you make that move and move ahead, hopefully in a cooperative spirit with all the i's dotted and t's crossed and issues resolved, but failing that, at what point in time do you see yourself moving ahead?

The second question is how you see it operating: Borrow another model? Bring in a private operator to put up the capital? As you know there would be a substantial amount of capital involved. I'm curious in terms of your business plan, timing and source of capital.

**Mr Belleau:** Okay, basically, when one looks at our decisions, one has to look at the history we've been through. We operate within a very restrictive environment. Federal legislation actually prevents us from incorporating companies; it prevents us from licensing businesses. First nations, under the Indian Act, don't have licensing capacities.

So it answers a trend why in Canada first nations have to rely on their inherent right to government and to carry on these activities which are available to other citizens in Canada, because there is a piece of legislation that prevents us from doing that. That's detrimental. So you see us moving ahead on positive developments that are available to other citizens regardless.

That position would be crossed when Ontario definitely makes a position known to us that will act in our detriment. That's when Ontario advocates to the world that it does not take our development to heart, that indeed it only takes its own control over our people to heart. So that would be the milestone. It's not in years, it's not in days; it's in terms of conduct. That's correct.

**Mr McClelland:** But if you don't hear, how would you know?

**Mr Belleau:** That's right. If we don't hear, then of course our responsibility is always to knock on the door

and to make sure that Ontario is informed of what our activities are. If we're going to do something, we have no intention of hiding what we do or when we do it. We want our actions to be known to the world, and the responsible conduct is to let all those that are affected have the opportunity to participate. I missed your last question.

**Mr McClelland:** Would you contemplate bringing in an outside operator? I won't throw out any names, but pick a list of 20 different experienced operators. Would that be your initial plan?

**Mr Belleau:** Basically what's happened in the American experience is that tribes start out not having capital available to develop, which is clear, because all our moneys are regulated, all our moneys are held in a trust account in Ottawa. Anything we spend, basically it's our money, but we have to ask somebody for it.

What the tribes have done in the United States is they've taken in management contractors and they've set time limits when that goes to a total collective effort, and 100% of the funds go back into their community for governmental services. But they try within a very rapid time to pay off the capital that was used to create the business. So I see that sort of situation being relevant there because we just don't have the capital unless Ontario is willing to hand us the capital.

**The Chair:** I'm pleased that we found the time to accommodate you this afternoon. Thank you very much for making your presentation before the committee.

**Mrs Marland:** The chief just had a final comment.

**Mr Jones:** I was going to make some comments to his answers there. If we had the opportunity to sit down and discuss this, like I said before, I think we can come up with some options here on that too.

With that, I'd like to thank the Chair and everybody around the table for the opportunity of being here and expressing our wish. Thank you.

**The Chair:** Thank you very much. Next we have a group of representatives from the Ministry of Consumer and Commercial Relations. This is a closed session, so I must ask the public to leave at this time. To all the public here, thank you very much for taking the time to attend the committee hearings.

The committee continued in closed session at 1615.











*Continued from overleaf*

## STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

**\*Chair / Président:** Johnson, Paul R. (Prince Edward-Lennox-South Hastings/  
Prince Edward-Lennox-Hastings-Sud ND)

**\*Acting Chair / Président suppléant:** Sutherland, Kimble (Oxford ND)

**Vice-Chair / Vice-Président:** Wiseman, Jim (Durham West/-Ouest ND)

Caplan, Elinor (Oriole L)

**\*Carr, Gary** (Oakville South/-Sud PC)

Cousens, W. Donald (Markham PC)

Jamison, Norm (Norfolk ND)

**\*Kwinter, Monte** (Wilson Heights L)

**\*Lessard, Wayne** (Windsor-Walkerville ND)

Mathysen, Irene (Middlesex ND)

North, Peter (Elgin ND)

**\*Phillips, Gerry** (Scarborough-Agincourt L)

*\*In attendance / présents*

### **Substitutions present / Membres remplaçants présents:**

Dadamo, George (Windsor-Sandwich ND) for Mr Jamison

Harrington, Margaret H. (Niagara Falls ND) for Mr Wiseman

Marland, Margaret (Mississauga South/-Sud PC) for Mr Cousens

Martin, Tony (Sault Ste Marie ND) for Mrs Mathysen

McClelland, Carman (Brampton North/-Nord L) for Mrs Caplan

### **Also taking part / Autres participants et participantes:**

Duignan, Noel, parliamentary assistant to the Minister of Consumer and Commercial Relations

**Clerk / Greffière:** Grannum, Tonia

**Staff / Personnel:** Luski, Lorraine, research officer, Legislative Research Service



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Third Intersession, 35th Parliament

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**Mardi 31 août 1993**



**Standing committee on  
finance and economic affairs**

**Comité permanent des finances  
et des affaires économiques**

**Ontario Casino Corporation Act, 1993**

**Loi de 1993 sur la Société  
des casinos de l'Ontario**

Chair: Paul R. Johnson  
Clerk: Tonia Grannum

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## STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Tuesday 31 August 1993

The committee met at 1409 in the Delta Hotel, Ottawa.

ONTARIO CASINO CORPORATION ACT, 1993  
LOI DE 1993 SUR LA SOCIÉTÉ  
DES CASINOS DE L'ONTARIO

Consideration of Bill 8, An Act to provide for the control of casinos through the establishment of the Ontario Casino Corporation and to provide for certain other matters related to casinos / Loi prévoyant la réglementation des casinos par la création de la Société des casinos de l'Ontario et traitant de certaines autres questions relatives aux casinos.

**The Chair (Mr Paul Johnson):** Order. The standing committee on finance and economic affairs will come to order. This is our first day in Ottawa. We're dealing, of course, with Bill 8, An Act to provide for the control of casinos through the establishment of the Ontario Casino Corporation and to provide for certain other matters related to casinos.

STEWART EADIE

**The Chair:** I would like to welcome Mr Stewart Eadie to the committee. Sir, you have 30 minutes to make your presentation. You might like to save some time for questions from the committee members. When you're comfortable, you may proceed.

**Mr Stewart Eadie:** My name is Stewart Eadie. I'm assistant vice-president and branch manager for Montreal Trust, located on the Sparks Street Mall. I also serve as a director on the Sparks Street Mall management board. As important as anything else, I'm a concerned private citizen. I welcome and thank you for the opportunity to say a few words to you today.

Naturally, I have many friends and clients who work in downtown Ottawa, who run restaurants, who run retail stores, many of whom happen to be independent and don't have the backing of some of the large chains. I am very much in favour of an upscale and classy casino located on the Sparks Street Mall which, as many of you no doubt are aware, is one of the most famous tourist streets in Ottawa but has suffered for a number of years with a decline. As a unique outdoor mall, the city spent some \$6 million in 1988 to restore the street to its previous status. Unfortunately, we have never been successful in doing anything to invite people back to the street.

Our independent merchants are faced with the problem of having to operate their stores up until about 5 o'clock with heavy traffic, but after 5 o'clock in the evening and on Sundays, with very light traffic. I think it a travesty that anybody should have to operate a

business in those conditions in one of the largest tourist areas in the country when we can't attract people there in the evening. I feel that a casino would go a long way towards attracting the kinds of traffic that we need in order to rejuvenate the mall and to complete that phase of its life.

Sparks Street suffers from some unique problems, being an outdoor mall, as you can imagine. While very pleasant in the summer months, I can assure you that in January and February the wind howls down and it can be quite a desolate place. We have to be able to attract people there in order for these businesses to survive. This is particularly true in light of some of the recent announcements by the federal government that we will be laying off government employees here in Ottawa, which makes it all the more important that we proceed to become reliant on the tourist business as much as we've become reliant on the government business in the past.

As far as the specific location is concerned, if we don't make a move within the city of Ottawa soon, we risk losing out to possible similar ventures that could occur in west Quebec. I feel that it's important that the province recognize Ottawa and give it the opportunity to move on a casino prior to anything of that nature happening in western Quebec.

In terms of what some of the benefits could be, you're going to hear from a lot of speakers who no doubt have more technical knowledge than I do and will be able to quote you percentages of tourism, employment and what the actual benefits to the downtown core economy would be. But I've got to believe that the construction and the attraction of businesses that will come as a result are going to be very beneficial for the rejuvenation project.

I understand and am led to believe, not just from talking to people who are pro-casino but from people in general, that tourism is down in Ottawa. I could envision busloads of people coming to Ottawa to participate in the casino.

In closing, I think you're going to hear a lot of information about an outstanding proposal, and I would urge us to move quickly to ensure that we can get our casino in Sparks Street. That's all I have to say today, Mr Chairman.

**The Chair:** We have about seven minutes per caucus. We're going to start with Mr Kwinter.

**Mr Monte Kwinter (Wilson Heights):** Mr Eadie, I was interested in your opening statement. Could you tell me your definition of an upscale, classy casino?



**Mr Eadie:** Well, perhaps I'll start by telling you what I don't think it should be. Obviously, we want to ensure that we have adequate security. We want to ensure that we have a well-managed casino. I don't believe we want to have people just wandering in who perhaps would be participating in something they could not afford to participate in, and that's why I would advocate the idea, for example, of there being a membership fee or something along those lines to discourage that.

I'm well aware that many people gamble already through Sport Select or lottery tickets or horse racing. We're talking about something, as I see it, that would be a more first-class type of scenario: well managed, clear of any prostitution or anything along those lines on Sparks Street.

**Mr Kwinter:** We had some discussion about this yesterday in Sault Ste Marie. Your vision would be more of the London type of casino, where it's on a membership basis or you get invited by members and it's not open to the general public per se.

**Mr Eadie:** Correct.

**Mr Kwinter:** Does that have support in Ottawa?

**Mr Eadie:** I believe it does, and I believe that if the membership fee is set properly, we could encourage people who are coming, let's say, to stay in Ottawa for a week or 10 days, that they could still afford to have that kind of membership fee and still enjoy themselves in good style.

**Mr Carman McClelland (Brampton North):** We just came in from another hotel and had lunch there and wandered up through the Sparks Street Mall and were really struck by the fact that last night it was essentially vacant. As you well point out, there's virtually nobody, other than a few caretaking staff out having a coffee or having a cigarette break.

Where would you envisage locating a casino? The other thing that struck me as I walked around through Parliament Hill and so on—I was obviously thinking in terms of this committee and wondering, if it were to come to Ottawa, where would we put it? There's a certain—I don't want to use a cliché—charm or whatever as the capital. I started to reflect in my mind, would they put a casino in Washington, DC? It's the image that the city of Ottawa portrays, particularly in this downtown area adjacent to Parliament Hill.

Where would you see it as being most beneficial? It seems to me that if you want some spinoff effect for the benefit of the Sparks Street merchants, they'd have to be in relatively close proximity. Do you see that as being in conflict with or offsetting some of the natural attraction of the waterfront and the draw of Parliament Hill? Do you see that somehow being in potential conflict?

**Mr Eadie:** I don't.

**Mr McClelland:** If you could help me with where you see the location.

**Mr Eadie:** I think, as a resident of Ottawa, charm is one of the great things that we have going for us. I'm not convinced that it's definitely enough to support or sustain a business in Sparks Street or in the downtown core. In terms of image, I'm not sure that the comparison to Washington, DC, is necessarily a good comparison.

**Mr McClelland:** Nor do I. I'm just saying it conjured up in my mind a vision: Where would it fit? How would it fit in and be in sync with what we already have?

**Mr Eadie:** Certainly I see it as being downtown and I would very much support it being located right on Sparks Street, where we have some great facilities that would be available for that now. I think it would be quite acceptable for an individual to spend a number of days downtown enjoying some of our nice hotels and restaurants, enjoying the charms of Parliament Hill and the various museums and art galleries, and to then go and spend a few dollars in an upscale type of casino located on Sparks Street would very much be in line with our goal of attracting people to the Sparks Street Mall, particularly in the evenings.

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**Mr McClelland:** And the size of that vision, what you envisage: How large would that operation—

**Mr Eadie:** My understanding, if we're referring to the specific building on Sparks Street that you will hear advocated today, is that that would allow square footage of about a quarter of the size of the one in Windsor; we are more comfortable with that rather than going to the larger type of facility.

**Mr McClelland:** So in the order of 20,000 square feet or less.

**Mr Gerry Phillips (Scarborough-Agincourt):** What struck me in the hearings is that this is sort of like the 1990s gold rush. I think everybody in North America has their eyes wide open and that there's money to be made there. Everywhere we go, people want to be part of the gold rush. The concern some have is that it gets kind of overbuilt, overdeveloped, in that we have a series of expectations raised and find that they are either unsustainable or will require an awful lot of ongoing support.

I don't expect you to be an expert on this, but I think you understand leasing and what not and you must be viewing this. Have you or your group any concerns about the potential implications five years from now if indeed, as we heard yesterday, they build a large one in Detroit? I think virtually every community in North America is looking at it now. Have you any concerns about betting your future on something that has that risk?

**Mr Eadie:** I think we're all aware that there is only so much in terms of an entertainment dollar to go around and that this type of project is obviously going to compete with other forms of entertainment. Supply and demand, yes: There would be some concerns that if we put a casino in absolutely every municipality in Ontario then we're going to take away from the uniqueness of having that, but I also don't think one particular location would be adequate within the province.

I think a well-managed business, in the entertainment business as well as in any other business, is certainly going to be able to compete and hold its own. If it doesn't, well, then clearly there would be a problem with the business, and that's no different from any other entertainment businesses that are in existence at this point. It's got to be what the supply and demand will contain, as far as that goes. That's one reason we're suggesting that it's not appropriate to put in a huge facility.

As a final point to that, I see this as something that complements what we are trying to do on Sparks Street, downtown Ottawa, within eastern Ontario. Rather than it being the be-all and end-all and something we would totally pin our hopes on, it is merely something to complement what we're attempting to do as we try to rejuvenate this great street.

**Mrs Margaret Marland (Mississauga South):** Mr Eadie, I missed what your own background is; I'm trying to understand from what perspective you're coming. Are you a property owner in Sparks Street Mall or are you a retailer or a business person?

**Mr Eadie:** I work for a financial institution located in Sparks Street Mall.

**Mrs Marland:** Which one?

**Mr Eadie:** Montreal Trust. I sit on the board of directors of the mall and I'm also an interested private citizen.

**Mrs Marland:** I see. Are you representing the Sparks Street Mall tenants' association or business people's association?

**Mr Eadie:** That is correct, and also my own personal ideas.

**Mrs Marland:** What is it called? What is the name of your organization?

**Mr Eadie:** The Sparks Street Mall management board. You'll be hearing from our executive director tomorrow, I believe.

**Mrs Marland:** Have they done some kind of study into whether 20,000 square feet would work, would be a viable size for a casino? I'm just picturing it, and I think the smallest supermarket chain stores now are 40,000 square feet. I'm just wondering where you get 20,000 square feet as a viable size.

**Mr Eadie:** I would ask to defer that question to our

executive director when he is on. We have not, to my knowledge, commissioned any full studies but rather have relied on some of the experts within the industry to assist us in that. We certainly believe we can support it on that basis.

**Mrs Marland:** Do you know which experts in the industry you're talking about?

**Mr Eadie:** I cannot quote that offhand, no.

**Mrs Marland:** I'm not familiar with a casino industry that exists in Ontario today. I'm just wondering where they would have gotten that information.

**Mr Eadie:** I would ask that this technical question be asked of our technical person, if you like.

**Mrs Marland:** Okay. You're a resident of Ottawa?

**Mr Eadie:** Correct.

**Mrs Marland:** We hear that there are adverse social impacts in some locations in North America where casinos exist. I don't know whether you're a family person or not—that doesn't matter—but as a resident of Ottawa, how do you feel about that possibility? How do you feel about the additional costs if you're a property owner in terms of policing and other costs that will fall on the municipality, perhaps, as a result of operating a casino?

**Mr Eadie:** In terms of the family aspect, I think that's why we are advocating a casino that is somewhat on the upscale and smaller size than some of the other ones that exist in North America. The regulation by the government and the professional management of such a casino could, for example, include running its own security and, if necessary, security on the street to ensure that we're not using this to tap into the city's policing resources, and this would be one of the responsibilities of the management company.

**Mrs Marland:** So you're visualizing a private security force?

**Mr Eadie:** Under the auspices of the management of the casino, yes.

**Mrs Marland:** I don't think private security forces have the power to enforce; if it was a criminal activity under the Criminal Code, I'm not sure they would have that power. In any case, if it's going to be a membership club format that you're talking about, and knowing of course that the Bob Rae socialist government that's proposing this bill—

**Mr Noel Duignan (Halton North):** Hey, that's the first time you've used it.

**Mrs Marland:** No, it's the second time, actually; I've used a lot of restraint.

The consideration is that a major portion of the income is obviously to go into the general revenue fund of the government. What do you see the spinoffs being? Will your other tenants in the mall stay open so they benefit from the traffic? Is that what you're saying?



**Mr Eadie:** That's what I would envisage.

**Mrs Marland:** So it would be late-hour operation in conjunction with the casino's operation?

1430

**Mr Eadie:** That is correct. As it stands right now, a downtown, open-air pedestrian mall such as what Sparks Street is cannot easily compete with the larger suburban shopping centres that are open till 10 o'clock in the evening. We've got to find a way to retain the 100,000-odd people who are employed in the area. We've got to find a number of different ways to make them want to stay downtown so that our downtown can prosper. I believe a downtown that is just a shell does not add to the charm of any city. I've seen rejuvenation projects in a number of downtown cities that I've lived in, including North Bay and Sudbury, and I know how difficult it is to keep people downtown.

**The Chair:** You have about a minute left. Did you want to ask a question?

**Mr Norman W. Sterling (Carleton):** Maybe I should ask one question. It's a bit dangerous to come to a provincial government and say, "We want a casino," because I think that not only this government but hopefully a different government the next time around is going to look back at these hearings and say, "Ottawa asked us for this," and when the costs associated with running a casino—the police costs, the other kinds of structural costs—come in, I think it may be legitimate for that government to say: "You asked for it. You'd better pay for it." What are your views in terms of taxes? Are you willing to pay higher property taxes in order to sustain the infrastructure around installing a casino down in the Sparks Street Mall?

**Mr Eadie:** I think so, if we say that based on increased business in the area there is obviously a clear offset to that. But I'm not sure where we would draw the line if we say that this is going to increase taxes. I mean, does that say we should not have a hockey team in town because we've got to have more police? Obviously, when we make any decision in society, whether we're going to put in a hockey team or a casino, there are going to be some costs to that, but I'm also sure we wouldn't be having this meeting today if we felt there were not adequate offsets to that both to local businesses and also to the government in terms of its increased revenues.

**The Chair:** Mr Lessard, all of your colleagues would like to ask questions, so you've got about seven minutes. I'll start with you.

**Mr Wayne Lessard (Windsor-Walkerville):** I'll be as brief as possible. Thanks for your presentation, Mr Eadie. I haven't been to the Sparks Street Mall in many years, but I'll make sure I take a tour down there while I'm in Ottawa. I'm from Windsor myself, and I was kind of intrigued by your vision that what you're

thinking of is an upscale type of facility, because that's kind of how we got on to this in the Windsor area. It was going to be a smaller, upscale, Monte Carlo type of casino attached to a sporting facility, but once we got on the road, it just didn't seem as though that was the appropriate way to go, and that's how we've ended up with a standalone facility of 75,000 square feet that's going to be located on 13 acres of property downtown. That's a fair-sized facility.

I'm wondering where on Sparks Street there might be a few acres where a facility could be erected, because the Coopers and Lybrand study—and I understand what your vision is—is suggesting that a facility of 60,000 square feet could be supported in the Ottawa market area. That's fairly close in size to the Windsor facility.

One of the things we found when we got into this was that it wouldn't do us much good in Windsor if we had a facility that people, when they came to visit the city, weren't able to get into because it was too small. That was a fear we had and I would think that would be something you would be interested in addressing as well.

I don't know if you have any comments on any of those remarks. I didn't really have a question other than where it might be.

**Mr Eadie:** I would say, and I certainly hope you will take this in the right intent, that what you're doing in downtown Windsor is certainly admirable and suitable for downtown Windsor. I think that Ottawa, which has historically been a more natural tourist destination area anyhow, does not need to use the casino as a main pull to attract people into Ottawa, but rather it complements what the many other attractions are. With the one that is envisioned for Windsor, I could see people from the large populated areas around going specifically into Windsor to enjoy that form of entertainment when they may not have gone there before on as regular a basis.

**Mr George Dadamo (Windsor-Sandwich):** I come from Windsor too; the interim casino will be in the area that I represent. I believe you need to have an entire city warmly embrace the idea of casino gaming. We were in the Sault yesterday, and its approval rating, if we can use that terminology, is around 80%. In Windsor it's pretty close to that as well, if not a bit higher. I'm just wondering what kind of support you think you have or know you have from the city of Ottawa.

**Mr Eadie:** I cannot say in any certainty that we would have 80%, and I have no access to any formal polling that has been done in that regard. I have, however, conducted my own informal poll by asking people what they think and whether their thoughts are in line with mine, and I would say that 7 out of 10 clients and 7 out of 10 people I know on a social basis, and perhaps a bit higher than that amount on the mall, would certainly be in favour of this type of casino.

**Mr Dadamo:** If I can make the analogy between Windsor and Ottawa for a minute, permit me. Do you have any indication how many empty stores there are in the downtown?

**Mr Eadie:** What is vacant in downtown Windsor I don't know, but my perception is that it would be very high.

**Mr Dadamo:** In downtown Windsor, there are about 160 presently. I'm just trying to solicit from you the approximate number if you know. If the DBA sits and you're discussing how the situation is downtown, how best to attract people in, whether it be a new venture or whatever, you must talk about what's empty and what's not.

**Mr Eadie:** I do not know the specific vacancy rates in downtown Ottawa at this point, but I would suggest they are not as high as Windsor.

**Mr Dadamo:** We know that casinos are not the answer to everything and that they will bring along with them some problematic areas. Do you discuss other ideas on how to bring people to Sparks Street?

**Mr Eadie:** Certainly, and we've executed a number of those ideas over the course of the last couple of years. We find, and I think you will hear more of this, that we're not in a position to take out a large newspaper ad on a periodic basis like a Bayshore Shopping Centre might be able to do and say, "Come on down to the fashion centre today." We've found ourselves having to become more event-driven, where we would put on specific events over a three- or four-day period in the hope of attracting the people from the suburbs back to Sparks Street, where many of them probably enjoyed their childhood when Sparks Street was converted over to a pedestrian mall. I won't name them specifically, but I can tell you of at least half a dozen high-profile events that we have been involved in in the mall during the course of this last summer alone that have attracted significant numbers.

**Mr Dadamo:** May I have just one other brief question?

**The Chair:** Mr Dadamo, our time has expired. Mr Eadie, I want to thank you.

**Ms Margaret H. Harrington (Niagara Falls):** On a point of order—actually, a point of clarification that I think is important for all of us including the presenter, that is, with regard to the membership issue. I have had this presented to me in Niagara Falls as well, about whether there can be a casino club with membership. I would like to ask our staff people to clarify for us whether that is legally possible.

**The Chair:** We'll get that information and share it with the committee members. Mr Eadie, I want to thank you for presenting before the committee today.

**Mr Eadie:** Mr Chairman, committee members, thank you.

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JILL BROWN

**The Chair:** Our next presenter this afternoon is Councillor Jill Brown, representing the city of Ottawa—well, maybe not representing the city of Ottawa, but certainly a representative of the city of Ottawa. You have 30 minutes within which to make your presentation, and you may like to save some time for questions from the committee members. Whenever you're comfortable, please proceed.

**Ms Jill Brown:** Thank you very much. I certainly do not represent the city of Ottawa, as the city of Ottawa passed a motion in favour of casinos and I was one of three councillors who opposed it.

I've been a councillor with the city of Ottawa for the last 21 months, and for the previous 23 years prior to that I've been in private industry. I own four golf stores, one in Ottawa and three in Montreal.

I oppose casinos in Ontario generally, but Ottawa specifically, and for two main reasons: (1) crime and (2) addiction. Where there are casinos, there is organized crime; as we all know, it's the best way for organized crime to launder its money. If you're going to have a casino, you're going to have addiction. One person is one person too many to be addicted to anything.

My opponents are in favour of this for three main reasons. First of all, it's going to increase employment, so they say, it's going to be an asset to tourism, so they say, and it's going to revitalize Sparks Street, so they say. Well, I'd like to address those three statements.

First of all, to increase employment: I don't know if any of you have heard of John Turmel, who had a gambling casino in Ottawa which has since closed down. Mr Turmel's establishment was three times the size of what the proposed Sparks Street is, and he employed 100 people. Mr Dale of the Sparks Street Mall Authority has said that this would employ 450 people. I don't understand how a place that is smaller than Turmel's would employ more people, three and a half times more people.

You're saying it's going to be an asset to tourism. Well, I'm sorry, but tourism, in my mind, in Ottawa is a mother and a father and two children; that's the average. They come here to see the Parliament Buildings, they come here to see the Byward Market, they come here to see our Gatineau and all the areas and everything that is Ottawa, not a gambling casino. I'd like to see a mother and father get a babysitter in at night and go down and gamble; that's not my idea of tourism.

Revitalizing Sparks Street: Yes, if you're going to put a casino in, put it in Sparks Street, but it's not very far from the Byward Market where we have prostitution and drugs. If you've been aware of anything on Ottawa city council in the past 21 months, it's the problems we



have in the Byward Market with respect to prostitution. As a matter of fact, come to council tomorrow and you'll hear us debating another problem on prostitution in the market. That's not very far from Sparks Street, so I'm sure the prostitutes aren't going to have that far to walk to get to a casino.

Socially, it's going to have a negative impact on low-to middle-income people, people least able to afford another addiction. It's going to reduce their disposable income, which in turn will lead to more economic hardship. I'm going to keep saying this, but 10% of all gamblers are addicts. Why are we opening up a casino when we know there will be an addiction?

It also creates jobs in a very unsavoury climate.

You say you're coming to the public for their input. Well, Mr Laughren in April 1992 made a statement, and his statement was, "Government will establish casinos by working with interested communities and consulting with charitable and other organizations." "Will establish casinos": That is not consulting the public to see if they want casinos.

The people we have here today and that you're going to hear from tomorrow are special-interest groups. They're not the average, ordinary person on the street.

Your government is not asking us; you're telling us. There is simply no consultation with the public. Do we know if people are happy with casinos? No, we don't. This is too important an issue for politicians to make a decision on.

I was out in my ward last night and I canvassed about 50 homes. I spoke to somewhere between 10 and 15 people and I asked them the question, what do you think of a casino in Ottawa? As a whole, they said no. Not one person I have spoken to in the past year who is a resident of Ottawa wants a casino. As a matter of fact, I was doing an interview with two reporters a couple of weeks ago, and as an aside both of them said to me, "I don't agree with casinos in Ottawa."

Until recently, you couldn't buy gas in the city after 10 o'clock at night. What hours are you going to have for this casino? Are we going to close it at 1 o'clock, 3 o'clock, 5 o'clock, or are we going to leave it open 24 hours a day? Ottawa is a sports town, and I have 23 years' experience in that. Ottawa is a conservative town. It's not a big city.

*Interjection.*

**Ms Jill Brown:** I beg your pardon?

**Mr Dadamo:** I just said there's a lot of sport going on in Ottawa.

**Ms Jill Brown:** Oh, really? Do you live here?

**Mr Dadamo:** No, from the newspapers I read.

**Ms Jill Brown:** Would you take that off my time?

I spoke to the commissioner of lotteries for Ontario about nine months ago and he was telling me about the

Winnipeg experience. I don't know if anybody here has spoken to anybody in Winnipeg about how they're doing but I certainly did, and I've spoken to a number of residents in Winnipeg. One of them has some experience in that area. Winnipeg was supposed to and expected to make a net of \$25 million minimum. They made \$12 million, which was well below what they thought they would make; that's over a year. When you look at what has to go into putting in a casino and the investment in it, you don't make any money on it. You need extra police, you need extra undercover people. You need extra social services. You need an addiction centre.

I think what the government is doing is looking at this whole thing from the wrong aspect. If any of you have ever been to Las Vegas, as you know, when you go into Las Vegas you see the billboards, you see the lights, you see the glitz, you hear the music and you see the entertainment. You hear the whole ambience that goes with gambling in Las Vegas. We are thinking of putting one little casino on one little street in Ottawa, and it's not going to have the draw that Las Vegas or Atlantic City has. It's going to be a nothing, an absolute nothing.

Then we come to crime. It has been shown that where there is legalized gambling, there is crime, directly or indirectly. If we think we're any different here from any other major centre in the States, we're wrong. It will increase prostitution and it'll be another outlet for drugs. More policing will be required, both visible and undercover, which will incur more costs for the region, with the economic benefits going back to the province.

Windsor has now, I understand, involved the FBI with Canada's undercover agents. Normally, we don't look for crime, but this time we're courting it.

**1450**

This province has had a sign up for the last two and a half years, and what does this sign say? It says, "Closed for business." We are not interested in attracting or working with any new companies, whether they are Canadian or non-Canadian. Now, all of a sudden, because of budget problems, they think they have found a way to increase revenues. Is this good for Ontario or Ottawa? No. "We'll find out," they say, but in the meantime they'll open Windsor. The police chief of Windsor is not in favour of this—smart man. Now this government is putting up a new sign, "Open for casinos, open for crime and open for addiction." I would hope you would rethink this. Thank you.

**The Chair:** Thank you very much. We have a little less than seven minutes per caucus. We're going to start with Mrs Marland.

**Mrs Marland:** Ms Brown, I'm very interested in Mr Turmel's casino. I hadn't heard about that before. How long ago was that?

**Ms Jill Brown:** I didn't follow it all that closely, quite honestly. He opened it about six or nine months ago. The police closed him down about three months ago, but he was open for a couple of months.

**Mrs Marland:** Do you know why the police closed him down?

**Ms Jill Brown:** Because gambling casinos are illegal.

**Mr Sterling:** Aren't there two that still remain open in Ottawa?

**Ms Jill Brown:** You could be right.

**Mr Sterling:** How are the police distinguishing between what's legal and what isn't legal? That's what I find amazing in all of this, that here in Ottawa we have these pseudo-casinos or illegal casinos operating in the open.

**Ms Jill Brown:** Quite honestly, I didn't know. You could be right that there are two other casinos open here, but I have no knowledge of that.

**Mrs Marland:** We have a casino at the Canadian National Exhibition, so it's possible to get a casino licence.

**Ms Jill Brown:** A roving casino licence.

**Mrs Marland:** When you say that they're illegal, it is possible to get a licence under certain circumstances.

I'm interested, since you're a councillor on Ottawa city council, how many people sit on council, 12?

**Ms Jill Brown:** Sixteen, including the mayor.

**Mrs Marland:** Sixteen, and only three oppose this.

**Ms Jill Brown:** That's right.

**Mrs Marland:** So, Jill, why do you think the majority—you said something about elected people. You said this shouldn't be voted on by elected people, that elected people don't represent the average, ordinary person on the street. I'm wondering who you think the rest of Ottawa city council is representing. Why are they voting in favour of it, in your opinion? You've listened to the debate, and I haven't heard what they've said.

**Ms Jill Brown:** There wasn't a whole lot of debate about it, as a matter of fact. I was one of maybe two or three people who spoke. I spoke against it and two spoke in favour of it. It was almost a gimme.

**Mrs Marland:** Is that right? There wasn't a lot of discussion?

**Ms Jill Brown:** No, there was not a lot of discussion. I was also on the standing committee originally. I think a lot of people see it as economic development. I say to the province, it's not economic development. Instead of spending the millions and millions of dollars that we have spent researching and sending out advisory boards on casinos, really do economic development. Go into the United States and see how they market their businesses. Bring back ideas, bring back

new companies to Ontario. Make Ontario more creative. Market what we already have here. Open our borders and say, "Welcome" to new business. "We want to help you, we want to participate with you."

We have instituted the pay equity. I believe in pay equity, except we went to the top of the scale instead of going halfway up the scale and meeting in the middle. We have the labour laws—

**Mrs Marland:** Excuse me. Can I get back to casinos? I only have a little time.

You said you sat on a standing committee. Did the city of Ottawa have a standing committee to look into whether it wanted a casino or not?

**Ms Jill Brown:** It wasn't even a motion on whether casinos would be accepted. They just passed a motion to say they would look at the concept of having a casino in Ottawa, but what they didn't do was go out and see what the public felt about it. There has never been an advisory board that has gone out to the public and said, "Are you interested in having casinos in Ottawa?"

**Mrs Marland:** So you feel that Ottawa council at the moment, although they're elected, and to be re-elected they have to represent the wishes of the people of this city—you do not feel they have actually asked the people of this city if they want a casino? That's what you're saying?

**Ms Jill Brown:** That's right.

**Mrs Marland:** This standing committee that discussed it, that you're speaking of as being a member, it's just a regular committee of council that discusses a number of issues?

**Ms Jill Brown:** That's right. Community services and operations committee, CSOC.

**The Chair:** Mrs Marland, your time has expired.

**Mrs Marland:** Okay, thank you, Mr Chair.

**Mr Kimble Sutherland (Oxford):** Welcome to the committee, Ms Brown. I think it's important that people understand that this committee's purpose is not to be here to debate the merits of a specific proposal of a casino in Ottawa but to talk about Bill 8, which is enabling legislation, and get some feedback on the actual legislation and the merits—or demerits, I guess some would say—of casino gambling, so I'm glad you talked about some of the issues in general.

I guess I'd like to know from you what makes casino gambling a worse form of gaming than any of the other various forms we've got, whether that be the charitable casinos, lottery tickets, people who bet at a racetrack. It's all gambling; they're all forms of gambling. I would say that the province of Ontario has become very accepting of other forms of gaming, whether that be the lotteries, whether that be the charitable casinos. What is it that makes casino gambling seem so much more negative than other forms of gaming?



**Ms Jill Brown:** It's just another form of gambling. You've only got so many dollars to spend and people are going to eat into that. Rather than supporting their families, they're just going to spend more money on gambling. It's something that's not necessary.

**Mr Sutherland:** Mr Eadie before you was making a case, as has been made in other communities, that they believe it's an opportunity—not the sole reason—to either (a) increase the number of tourists or (b) increase maybe the amount the tourists are going to be spending in their community. In other words, rather than being a panacea, it's a catalyst for other types of economic-related activities in the community.

**Ms Jill Brown:** I think you heard my comments and my feelings on tourism. I don't believe it is going to necessarily increase tourism in this area.

What I also think you have to look at is that you already have established gambling areas, ie, racetracks, lotteries etc, and all you're going to do is take away from those. If you do take away from them, it's going to be disposable income, hopefully; I don't necessarily believe that, but the disposable income, rather than going to racetracks or lotteries or something, is just going to go over to casinos.

I have heard that the racetracks are down to 17% of the disposable income versus what they used to have, something like 80% of the gambling income.

**Mr Sutherland:** One more question for myself. You said casino gambling will increase addiction. Don't you think if people are compulsive gamblers, they are addicted to some other form of gambling already, so casino gambling by itself is not going to increase the amount of addiction?

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**Ms Jill Brown:** I spoke to a friend of mine the other night who has a propensity for addictions. She said to me she has cured herself of overeating, she has cured herself of smoking, she doesn't like horse racing, she doesn't like lotteries, but she loves blackjack. She made a statement to me the other night that if we did have a casino here, she most likely would become addicted to that. It's whatever your form of addiction is.

**Mr Dadamo:** For the purposes of Hansard, Ms Brown, I need to say that the police chief, in any of the meetings he's had with the three Windsor MPPs or in a public forum, has never voiced an opinion that he was against casino gaming. As far as I know, and we've been speaking with him for well over two years now, his main concern is policing, period.

**Ms Harrington:** Thank you for coming to our committee. From your perception, do you feel that a casino would fit into the community of Niagara Falls?

**Ms Jill Brown:** I quite honestly don't know Niagara Falls that well, so I would hate to make an answer on that. It's still Ontario.

**Mr McClelland:** Councillor Brown, you may be interested in knowing this and you may choose to comment. It was interesting that you made reference to the fact that the Treasurer announced, in a budget, "We will have casinos," and then we go through this exercise. That was news, by the way, as well for the ministry that is now charged with the responsibility of heading up the casino team. I think it's rather telling, this whole process.

Another one of the concerns that we've had, apart from the issue of whether we should have casinos or not, and it tells very much, is that the decision was made and then, after the fact, studies were commissioned. We even note that the date in the terms of reference, with respect to the studies, was presuming that the casino was going ahead and giving a whole lot of premises that may or may not be true. Indeed, many of the issues that we've been canvassing have been suppositions. We feel one of the important things to do is to test some of the concerns you have, bring them forward and have some critical analysis.

By way of example, you mention organized crime. The government's response has been that, due to regulations and the entry of large multinational corporations in the casino industry, organized crime has been removed from casinos. It's just a statement with no real basis in fact, contrary to police intelligence, contrary to data that are very, very voluminous in terms of setting out that problem and all the attendant problems. I just share that with you.

It's contrary to what the chief of police said. The chief of police from the region of Peel, where I come from, who had experience in western Canada, said very, very unequivocally, "If you're going to have casinos, you're going to bring problems," and he articulated those problems. The government, on the other hand, said, "It's okay; we've decided that we're not going to have those problems," so it therefore follows that we're not going to have them—just total naïveté. That's one of the things we've been addressing.

I thank you for at least bringing a critical analysis to the table, saying we've got to deal with those problems.

**Ms Jill Brown:** I have a videotape in my office of three reporters, two in Windsor and one in Toronto, and they had data showing that there is not a casino in the States that does not have organized crime in it, again I say, because it's the best way to launder their money.

**Mr Kwinter:** Councillor Brown, I was really interested in your comments. I agree with much of what you have to say. You talk about economic development. Something that's sort of coming through to me in the hearings, and we've been at this now for nearly three weeks, is that rather than economic development, it seems to be economic desperation. Virtually every single group that has come forward as a proponent is coming forward not on the basic concept of casino



gambling, that we should have it or we shouldn't have it; it's Windsor looking for this because there are 160 empty stores in downtown Windsor and this is going to be a salvation. Sault Ste Marie is doing the same thing.

The Sparks Street Mall is saying: "We've got all these problems. There's nobody there. If we had a casino, it would do these things." Ottawa certainly doesn't need a casino to make it a tourist attraction and get people here. Given the scale of what they are proposing, it's not going to make any difference. It would be an adjunct, without question; it would be something that those who wanted to do it would do it, but it would not change the economic face of Ottawa to any great extent.

The same thing would happen in Toronto. There's just too much going there. There's too much of a basic economic infrastructure to be impacted by a casino one way or the other.

How do you feel about that as someone who is in a city where this, particularly the one that's proposed for here, isn't going to have that kind of impact on the city?

**Ms Jill Brown:** Tourism is our second-largest industry in Ottawa, and a casino is not going to make it the first-largest industry. I have many ideas, too many to say here, but I think that as a retailer and as a business person, casinos are not the way to go. We should be going out and really actively soliciting economic development, and by that I mean welcoming businesses and industry into Ontario.

Go into the States. I think the States could teach us the greatest lesson on this earth. They are really aggressive business people. Instead of spending all this money on the last three weeks and the next however long, the length of time you're going to be out there, get out and really, really see what the Americans are doing with respect to economic development. We have so much to learn and we're not opening our eyes.

Afterwards I'll leave you my card. The problems with the pay equity, the employment equity and the labour laws are not helping us here, for sure not helping us. They have been so detrimental to Ontario, and the NDP government hopefully—no, sorry. They'll never wake up because they don't understand what business is.

**The Chair:** Thank you, Ms Brown, for presenting before the committee this afternoon.

SAMMY'S CELLAR

**The Chair:** Our next presenter is Sam Birnbaum, representing Sammy's Cellar, if you would please come forward, sir, and make yourself comfortable. You have 30 minutes within which to make your presentation and field some questions from the committee members.

**Mr Sam Birnbaum:** I have copies here. I ran over here from work, so I'll try to catch my breath and blow off the condensation sticking to my body and face, if I may, a moment.

**The Chair:** Whenever you catch your breath and feel comfortable, proceed.

**Mr Birnbaum:** That's what I'm trying to do. First of all, I want to thank the committee for allowing me to speak before this standing committee on finance and economic affairs of the province of Ontario. I've been known to be a bit long-winded in my speeches when I go before a committee, so I kept it very short and succinct to allow more time for questions, if that's all right with you.

I've been a businessman residing in the cities of Nepean and Ottawa for some 19 years now, and during those years I've been involved with the hospitality industry, mostly in the downtown core of Ottawa. I have been the operating and general manager of a hotel and the manager and owner-operator of restaurants and bars.

During the 1970s and 1980s, we have seen the increase of restaurants and bars in Ottawa and the opening of entertainment lounges. The hours have expanded past the 9 o'clock syndrome closing hour and the rollup of sidewalks at an early hour. As a result of ethnic increases in our regional population, we see more specialized restaurants which are opening every week. Government does not control the type of restaurants nor the hours of operations.

We have seen and continue to see the shift of families from the suburbs to downtown Ottawa and thus the redevelopment of older and rundown areas of the city core. We see people desiring more in the way of evening entertainment and dining facilities, including Sunday shopping.

It is a fact: There is nothing new in gambling. It's something that has been going on for thousands of years. We've seen gambling in the form of bingos which proliferated in church basements and are widespread as a form of entertainment. Of course the players want to win, and we call this gambling. We have seen the evolution and widespread use of lotteries all over the world. Millions of dollars are gambled by people who search for the dream of winning big.

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Casinos are just another form of entertainment for many people to enjoy themselves. It is the choice of entertainment for those who may not wish to go to the racetrack. We see thousands go to Las Vegas for three-, four- and seven-day trips from this province alone. Thousands more go to Atlantic City, and it is because it's closer to home.

Cruise ships continue to be another popular form of travel, and gambling ships and destination gambling countries are popular as well. As a matter of fact, my predecessor who spoke before you went on her honeymoon on one such ship. Cruise ships, everything like that type of gambling, are a fact today. You can't



change the reality of it in the 1990s. People who want to gamble will do so whether this province regulates and controls it or not. The province can only regulate the form.

It should not be the role of government to decide the rights of the people. If I want to gamble, then it should be possible for me to do so. It is the responsibility of the individual to regulate himself or herself. Government has no right to decide what I can or cannot do.

Just a note: I do gamble. I've been to Vegas many times, I've been to Atlantic City, and I can tell you I am not addicted to it. I gamble here in my own province. It is something that is my right if I wish to do so.

A casino operating in the downtown core of Ottawa and on Sparks Street has definite merit. It is an excellent location, and the downtown core will benefit from it. It is just another form of entertainment. It is not a catch-all where it will be the only way of generating tourist dollars, local dollars or whatever. But I must say that if I have to go to Las Vegas or Atlantic City, and many thousand like me, all we're doing is taking money out of the province, for flights, hotels, accommodation and everything else pertinent to that particular fact.

If properly regulated, then the bad side-effects will be minimized. Revenues generated will assist the tax base of Ottawa and the province. More important, jobs will be created.

I've heard that other betting institutions, for example racetracks and the breeding associations, are concerned about the possible side-effects and the ripple effect of the loss of gambling dollars, specifically to their own industry. I say that it is also my right as an individual to go and do what I like where I like without having to be told that I cannot because a particular group has a selfish interest, such as the racetracks and the breeding associations. I should have the right to go and do what I want with my gambling dollars, if I wish to gamble.

Another concern is the addicted gambler. I say there is a problem with gamblers now, regardless of whether it becomes a casino or any other format. They spend it any which way. If people want to gamble and they become addicted, it's no different from having liquor and being addicted to liquor, wine, beer, whatever. Addiction is a minority cause of individuals. It is certainly not something the government should dictate to the greater majority how, where and when they should do things. Why blame the institution when it is a problem of the individual?

I say that casinos should be allowed and should be given permission now, not to wait until the Windsor program is under way and wait two or three years for its adjudication.

**The Chair:** Thank you very much for your presentation. We have a little more than seven minutes per caucus.

**Mr Lessard:** Thank you for your presentation, Mr Birnbaum. You're certainly right that there are plenty of other gambling opportunities that are available out there right now, and that there is a great deal of money and people leaving the province to gamble in places like Las Vegas and Atlantic City. That's one of the attractions for us in the city of Windsor to embark on this endeavour there, because there is a large American market that we can draw from to come to Canada and to Ontario to visit us here.

You indicate that the province can only regulate the form of gambling, and that's part of the reason that we're here: we're conducting public hearings on Bill 8, which is the bill that is going to permit casinos and to regulate them. You speak of proper regulation, and that's what our interest is, to make sure they're regulated properly. I wonder if you have any suggestions for us as to what you think that might entail.

**Mr Birnbaum:** I've lived in Europe in the hotel industry and I've been on the Riviera. I've been in all the areas where there is gambling in many countries of the world in my 30 years of hospitality. I've been to Las Vegas more than 10 or 12 times. I've been in Atlantic City once with my wife a year and a half ago, and I can tell you that my wife was no more addicted than I am.

I think one of the concerns we have is to make sure the operators run a bona fide, tight ship; that a committee be established of non-governmental people, whether three or four people, have a gaming commission with no direct ties to the particular interests of any MP or any particular interest within the government. That to me is paramount, because you have political opportunity and that should not be the case.

I think that the individuals who form such a committee, call it a gaming commission, should be such that they have the controls therein to indicate—and on site as well, as there are in Vegas and Atlantic City—when there is recourse to improprieties. Absolutely. It should be the right of the commission established to investigate and to see on a periodic basis, I wouldn't say the revenues generated but certainly that should be open to some scrutiny in some form as well; that there is no impropriety by people who say there's going to be, call it illegal operators from within, call it the Mafia, if you want to call it that as an expression, or some form therein.

I think it's like calling wolf too many times. They're going to blame the bad ripple effects like Mafia or gambling operators who are from the underworld, so to speak. That's a concern that I think can be very easily minimized and I think it's blown totally out of proportion.

I've had no problem when I've had to go to Atlantic City and complain about a minor problem to have it corrected. If it's a greater area from behind in terms of



the operation, then we can take the best, whether it's in the United States or Europe, absolutely. I see no problem.

**Mr Lessard:** One of the concerns that was raised by the chief of police had to do with age restrictions. The bill itself requires that a person be 19 before being able to gamble in a casino, but the police chief thinks that should be 21. Do you think that's something that we should do?

**Mr Birnbaum:** I have no problem with that. I think 21 is a fair assumption, even 22. You have to draw the line somewhere and I think 21 certainly takes it out of the realm of the older teenager syndrome and puts it under more responsible persons.

I think dress codes are important; not necessarily suits, because I can go into Vegas or Atlantic City or Europe wearing a shirt and a pair of slacks. But I think dress code, appropriate behaviour, internal controls such as intoxicated persons to be immediately removed, and certain bylaws of the particular city should be coherent with those particular problems. Wherever there is a casino, the ground rules should be the same throughout. But it's not impossible.

**Mr Lessard:** How about being able to have drinks at the table? Do you think that that's important?

**Mr Birnbaum:** I have no problem with that at all. I see that at Atlantic City, I see that in Vegas; no problem at all. I think it's naïve to believe that drinking or eating—the trouble with eating is that your fingers get sticky with the cards, but I don't particularly see any problem in that at all.

**Mr Lessard:** Do you play dice games when you visit Las Vegas or Atlantic City?

**Mr Birnbaum:** Mostly poker. I'm a hell of a poker player.

**Mr Lessard:** Well, I don't think I'll engage in a poker game with you while I'm here. We've heard from people expressing to us that we really need to have dice games to be able to compete with American jurisdictions.

**Mr Birnbaum:** Why not? Why shouldn't we open it to the particular games? Whether you play red dog or you play other games that are inherent to the Americans, if it works, why not? It's just another style of gambling, whether it's dice or other particular games. Why not? I don't think it should be particularly just the wheel or just poker or 21 or whatever you want to play. I have no problem with any of those and I would suggest to the committee that it should look at opening and expanding what people want to play. It happens now whether we like it or not.

**Mr Lessard:** One of the reasons there is a problem is because it's within the federal jurisdiction under the Criminal Code that we can't have craps, so that's why I asked you.

**Mr Birnbaum:** Well, maybe it's time. We don't have it now, but the application should be made by the province to allow it to expand and open. That could be done concurrently at the present time, and just say in the legislation that we'll allow it as soon as the federal government relaxes its rules and allows that to happen. There's no reason why it can't be put into the legislation at this time, because if you narrow the legislation, then you have to go back and change it again.

**Mr Lessard:** I thank you for your suggestions.  
1520

**Mr Phillips:** I appreciate your comments. I said earlier—you probably weren't here—that the whole casino gambling is sort of like a gold rush. It's like everybody's eyes are wide open and there just seems to be untold money to be had here.

The challenge, I think, is that I see all sorts of jurisdictions around North America opening casinos now. I think the projections from the government are that there's probably about \$1 billion of Ontario residents' money that will suddenly be freed up and spent and left at the casinos. I'm not sure where the \$1 billion is going to come from, whether it's locked away in a mattress right now and it'll be freed up or where that will come from.

My question is I guess along your basic philosophy, which I think is kind of laissez faire, let's just open it up. Would you visualize quite a few casinos for Ottawa? I'm just going by your comment that it shouldn't be the role of government to decide the rights of people who want to gamble; that it should be possible. In your mind, is it possible that we should be seeing several casinos, as I say, in Ottawa?

**Mr Birnbaum:** To your question, first of all, I think you have to have operators who have a substantial amount of money to back such an operation, not only in the betting pool but certainly in its building foundation, a long-term ability to sustain itself. It's not something that you can have a dozen people and just say, "We're going to put \$1 million into it." It just won't fly.

I don't think they should proliferate to the point that you have 15 in Ottawa or the region; perhaps one or two. But certainly the way the provincial government is looking at it, that the one in Windsor is a test case and we'll see two or three years down the road, to me is a joke. I can't put it any plainer.

**Mr Phillips:** My point really is more, should the government dictate how many there should be in Ottawa?

**Mr Birnbaum:** I think for the present time it should be looked at that in particular regions of the province it be allowed to establish from within itself. If you would say two in this particular region, that's fine; three, that's fine. But perhaps the region should be the one to decide. If it's private money going into the operation of



the casino, it's just like any other business. I don't see the government telling me as a businessman how I'm going to invest my particular hard-earned dollars. We can call that a casino instead of a restaurant-bar. When I had a tavern before, I didn't see the government coming in and telling me where I should put my money or not. Why should a private operator who wants to put in a casino, with very tight controls and regulations, be told no? I have no problem.

**Mr Phillips:** So you'd just let it—

**Mr Birnbaum:** I think it should be open.

**Mr Phillips:** To as many as—

**Mr Birnbaum:** I think the particular region should make the decision. I don't think the province should even enter into that. I have no particular problem with opening it up. As I stated in the basic mandate of my address, I think there's enough government intervention on four levels of government now, provincial, regional, city and the federal government, that dictates to the individual how, where and why he can almost literally go to the bathroom. I think it's time we got a little bit out of the bedrooms of the individual and allowed the individual to thrive and do what he or she wishes, basically. If casinos are something that I and maybe thousands more like me wish to partake in, that's my right. I don't go to the racetrack, but I do go to Vegas, I do go to Atlantic City and I do go to Europe.

**Mr Kwinter:** Mr Birnbaum, I'm really interested in your comments and I'd like to just get your observations. We're talking two different kinds of casinos. We're talking the Windsor model, 75,000 square feet, open to everybody, try to encourage as many people as possible to maximize the amount of money that everybody's going to get out of it. From what I heard from Mr Eadie in particular he's saying the Sparks Street casino is going to be a private members' club, it's going to be less than 20,000 square feet and it will benefit a relatively small area as the spinoff but it will be a facility that will be available to the people in Ottawa who want to come and participate in a casino operation, very much like what is happening in Winnipeg.

I think that any objective evaluation of Winnipeg would state that it's there, it makes money for the province, but it hasn't had a major impact on Winnipeg per se. It may have had some spinoffs in the immediate area. I don't even know whether it does or not; it's in a hotel. I have no evidence that suddenly, because that casino was there, Winnipeg has changed or it's been an economic boom other than the revenues that have been derived specifically from the casino.

Is your vision of a casino for Ottawa the same as Mr Eadie's, that it would be this relatively small, contained, as he said, his terms exactly were an "upscale, classy casino," or do you see it more in the Windsor model, 75,000 square feet and open to everybody?

**Mr Birnbaum:** I don't know if you've been to Fort Garry, where it is, the hotel. I've been there and it's a very, very nice operation. If the city of Ottawa and the region has given its approval and backing, endorsement, to a casino of the size of some 20,000 square feet on Sparks Street, I don't think it should be the role of this particular committee or the province to regulate the form of the building. I believe the form is the type of gambling therein, whether it's 20,000, 30,000, 50,000 or 200,000. There may be border towns that may want to open gambling to 200,000 square feet to get people on the American side. We're an hour away from the border, but I don't believe that people—I've heard in the past and read in the paper that they're saying tourism dollars. That may be good for Windsor. It may not all be tourism dollars in Ottawa.

We've seen the likes of a John Turmel, who has been arrested for calling himself a gambler, a self-professed gambler, and he generates the money from what was thought legal. Now he's been arrested. He's been around on the scene for many, many years, for several years, and there are others still in operation. It's a borderline grey area whether it's illegal or legal. Otherwise they would all have been shut down.

I'm just saying that the rule should be very clearly that government should regulate the form: the type of dice, the type of gambling, the format behind the scenes, who the operators are, that they be checked out, that there be very tight controls in that area. But I don't believe it should be the mandate of the government to dictate whether it be proper dress in terms of a suit or a pass be required of \$20, we'll say, for an annual card as a membership, whatever. I don't think that's the role of government, and it shouldn't be the role of government.

That's the problem in this province right now. We've had governments in the past and this one that believe they have the right to mandate, dictate and tell us how we should live, and as business people, we are leaving the province at an alarming rate because of this attitude.

I think it's time we opened our eyes to what the reality of the 1990s is. Gambling's been here for thousands of years on this world, this planet, and it will not change. It's time we recognize that. We have an opportunity to open gambling in a proper format, make it legal once and for all and do it right. I think this committee should do it right.

**Mrs Marland:** You say that if properly regulated, then the bad side-effects will be minimized. What do you consider to be the bad side-effects?

**Mr Birnbaum:** Well, I've heard this and I've read it in the paper. Basically I'm referring to the underworld elements, as my predecessor said, whether it be people who are intoxicated and there be tight controls, whether people come in and they gamble beyond a certain point. It's easy enough to tell, believe me. I don't know if



anyone here has been to Las Vegas or Atlantic City. They know very clearly what your credit ability is. I mean, you just don't go and say with Visa, "Give me another \$1,000." They know very carefully. Believe me, when I go there and I say, "Give me \$1,000 of credit," they know my background from my bank whether I have \$1,000 to back it up. That's my decision, though. Whatever the bad side-effects, they can be regulated. They can be controlled.

I'm not saying that every individual will be properly regulated that way with the tight controls. Certainly the individual who goes to gamble, whether to a casino, to the racetrack, to a lottery—there are people who've gambled literally a second, third, fourth mortgage on their homes to buy 500,000 lottery tickets. We read about that a few years back in the States.

If people want to go crazy, they will go crazy. It's no different from the province emptying out institutions and allowing people who have mental handicaps and problems to walk the streets. How far does the province go to control the rights of the mass? That's the bottom line. I believe very strongly that we should allow the people to make their own decisions.

I think the committee here has heard about all the possible side-effects and I'm just indicating as such. I'm sure you've heard it all before. I won't minimize. Yes, people may be addicted, but they'll be addicted now, because you can go to a telephone and call a bookie and you can bet whatever you want, and if the man or woman doesn't have the money, they'll threaten to break your legs. Why should it be any different to presume all of a sudden that's going to stop by opening up a casino? It's really no different than today. I think the province shuts its eyes to the realities of today. We cannot regulate the individuals who want to go beyond their means, and it is the same today. It won't change anything by opening legal institutions called casinos, whether it's very ornate or very sedate.

1530

**Mrs Marland:** Can I ask you another question? You also say, "Revenues generated will assist the tax base of Ottawa and the province." How do you see the tax base of Ottawa being helped by the revenues generated?

**Mr Birnbaum:** It could be that a percentage of certain gambling dollars, whether pennies on the dollar, could go to the city, it could be in the way of jobs, it could be in the way of any number of venues. I'm not the expert at it, but it would seem to me that there are possibilities. If bars are allowed to operate, then certainly there are tax dollars therein that can go both to the city and the province as well. I'm sure you must have had some people investigating this. I'm sure there are ways of generating a reasonable amount of money both to the city as well as the province, certainly. And when I say reasonable, I don't know; it could be \$1 million, it could be \$500,000, it could be \$20 million a year

from all the possible casinos. I haven't got a clue.

The point is, and I advocate from the basis on which I started, that casinos are here one way or another. They are now operating. Call it racetracks, call it lotteries, call it bingos, call it illegal betting houses, call it whatever you want. They're here. All we're doing is giving it a legality, a proper image, a location for people to go and spend if they wish to. It's just another form of entertainment. Call it another lounge by a bigger name. It won't be a catch-all to provide for all the ills of the province in terms of tax dollars, it won't be a catch-all as if the city or the region of Ottawa can put all its eggs in one basket, but it is one venue I believe should be allowed to operate.

**The Chair:** Thank you very much, Mr Birnbaum, for presenting before the committee this afternoon.

**Mr Birnbaum:** Thank you very much.

#### EMPIRE DEVELOPMENTS

**The Chair:** Our next presenter is Alicia Natividad. Welcome to the committee. You have 30 minutes within which to make your presentation. The technician will turn your mike on for you there. Whenever you're comfortable, please proceed.

**Ms Alicia Natividad:** Thank you. My name is Alicia Natividad. I'm a lawyer with the firm of Gowling, Strathy and Henderson, and as Councillor Brown has said, I'm one of the interested parties that is appearing before you today. I represent Empire Developments, which is proposing to establish a casino at Sparks Street, and later on in the report, if the committee so allows me, I would like to correct some of the statements made by Councillor Brown with regard to the motion that was made. My comments are general, however, as it relates to the bill itself.

**Mrs Marland:** Excuse me, Mr Chair, just on a point of order to protect Ms Natividad: She has opened this afternoon by saying that she is a lawyer with Gowling, Strathy and Henderson and is representing Empire Developments, which is proposing to make a proposal for the Sparks Street Mall location.

**Ms Natividad:** Correct.

**Mrs Marland:** We had this arise not quite in this way in the Sault. I recognize right now that in the contract for proponents for the Windsor location, proponents are not allowed to discuss their proposals. Your proponent isn't for Windsor anyway, but I'm just wondering if you're aware of what the ministry ground rules are and whether you're comfortable in what you're going to say.

**Ms Natividad:** I was asked, actually, when I put in my name, whether a proposal has in fact been made. I indicated no, that no such proposal has been made. I was told that I would be permitted to speak. As I said, my comments are quite general. Actually, unfortunately my paper has been given to you. I would, if you felt



otherwise, delete some portion that may lead to that. As you will note, however, the comments are quite general. They do not in any way deal with the proposal whatsoever, other than the fact if you ask me a question, I may answer it.

**Mrs Marland:** That's fine. I just wanted to protect you; that was all.

**The Chair:** We appreciate that, Mrs Marland. Mr Duignan, the parliamentary assistant, would like to just respond to your comments.

**Mr Duignan:** I'm going to be asking the staff here, Jim, to outline the whole question of proposals. I must point out at this point, though, that there is no proposal call for a casino here in Ottawa. There is a proposal call out and there are nine proponents in relation to the Windsor casino, and that's the only casino that's being envisioned by the provincial government at this time. There is no call for a casino in Ottawa or anywhere else and there won't be until the pilot project in Windsor has been evaluated. So it's no problem, but I'll have the staff of the team indicate the whole area around the proposal call.

**Mr Jim Mundy:** The only request for proposals that is out there now is for the Windsor casino. The Windsor casino complex request for proposals bars proponents from speaking to members of the government about their proposal.

**Mrs Marland:** Only members of the government?

**Mr Mundy:** Members of the government, members of the cabinet, members of the Ontario public service.

**Mrs Marland:** So they can talk to opposition members?

**Mr Mundy:** About their proposal. But as I said, there is no request for proposals for a casino in Ottawa and there are in fact groups across the province, in various municipalities, that would like to establish a casino, but the government hasn't asked for any proposals.

**The Chair:** Mr Kwinter, you wanted to add a comment?

**Mr Kwinter:** It's on the same point of order. I have absolutely no problem with you making a presentation as long as we're assured that Empire Developments is not one of the proponents making a bid on the Windsor casino.

**Ms Natividad:** Absolutely not.

**Mr Kwinter:** I have no problem at all.

**Mr Duignan:** I'll just very briefly outline the grounds for disqualification, but in your case it doesn't apply because your particular company has no application.

**The Chair:** We don't really need to go through that. The Chair would like to indicate too that before you actually started your presentation—I'd like to think that

I'm reasonably knowledgeable about what's been happening in this process and I was quite certain that you weren't in any violation, so I was more than willing to allow you to come forward and make your presentation. I'd like you to proceed at this time, if you would.

**Ms Natividad:** The introduction of Bill 8 into the Legislature is welcomed, and the responsible manner in which the government has solicited input from all those concerned is applauded. Bill 8 is reflective of the present reality regarding gaming and the public's acceptance of legalizing casino gaming in particular. In fact, in the February 1989 issue of *Canadian Business*, an article on the growth of charity casinos in British Columbia indicated that gambling vacations, mostly to casinos, ranked as the fourth most popular specialty-interest vacation in North America after golf, skiing and honeymooning.

This observation is indicative of the public's acknowledgement of gaming as a source of entertainment. For many, bingos, horse racing, charity casinos, lotteries and the like are merely part of a person's entertainment budget. If such gaming is not available in a person's locale, that person will go elsewhere to seek such entertainment, hence the trips to Las Vegas, Atlantic City, Europe and elsewhere in the world. Here in Ottawa it is rumoured that weekend trips to Atlantic City which are organized by a certain restaurant for its patrons are quite common.

Indeed, casino gaming has gained acceptance with the public, and its legalization is only a matter of time, as is evident from the other jurisdictions in Canada and in the United States that have enacted gaming legislation. Some of the reasons for such acceptance is the acknowledgement that gaming will always be with us, legal or not, and that gaming can be a source of revenue as well as a source of recreation.

1540

Another reason is government involvement in its regulation. The public has confidence and trust in the credibility and integrity of the regulatory process that would be imposed pursuant to the proposed legislation and the people who will enforce such process. The public is therefore comfortable that the proposed legislation will ensure that casino gaming in Ontario will be well scrutinized and the public interest protected.

We are advised that in looking at various models of casino gaming, the Ontario casino project has looked at the Atlantic City and Las Vegas models. In the Coopers and Lybrand report, which was commissioned by the Ontario casino project, it was suggested that certain market areas be targeted for a casino, of which Ottawa is one, and suggestions made as to the model and gaming size of proposed casinos.

While it is useful to look at the casino model south of the border for comparison, it is also useful to note

that the demographics of Atlantic City or Las Vegas are not the same as those of Ottawa, for example. As such, the proposed gaming square footage that is suggested for the proposed casino sites may not be fitting for the locale. For example, the report suggests that the proposed casino site in Ottawa be approximately 60,000 square feet. A casino this size would be overwhelming for Ottawa, which is significantly different from that of Atlantic City or Las Vegas. Ottawa requires a smaller, more intimate type of casino that would complement its demography. Unlike Las Vegas, a casino in Ottawa will merely be an addition to the existing hospitality and tourism industry; it will not be the main economic activity which will sustain the city.

Although the economic impact of a smaller-size casino would be less in the long run, a freestanding smaller-size casino would have a lesser social or economic impact to a community. Consequently, should such a casino be discontinued, its demise would have less of an impact on a community than one that is greatly dependent on it, as in Las Vegas.

In addition, the type of casino model should also be complementary of the demography of a locale. The Atlantic City or Las Vegas model is not necessarily the only casino model that is available for comparison. For example, a Monte Carlo type of casino is another model that is more conducive for the Ottawa demography. We are, however, hopeful from statements made by the Ontario casino project that the type of casino model and size for a designated casino site would be reflective of its community.

There have been voiced various concerns regarding the negative elements that are present in Atlantic City or Las Vegas. Suffice it to say that the experiences in those places need not necessarily be the same in Ontario. The demographics in Ontario are quite different from Las Vegas or Atlantic City, and lessons can be learned from their experiences.

There have also been concerns raised about the government's involvement in the proposed casino gaming. Government participation in gaming is present in many jurisdictions around the world. It is not an unlikely occurrence and in fact shows foresight in identifying that gaming can be a source of revenue.

I would now like to just clarify a few comments made by Councillor Brown, and I would hope that they are statements of fact and they're not at all subjective.

The motion that she spoke of was heard in the city of Ottawa on June 16. Prior to the council meeting, there was an economic affairs hearings. The economic affairs committee hearing is a subcommittee of council that reflects on economic development in the city. At that time, the economic affairs committee, of which Councillor Brown is a member, recommended that Ottawa request the province that it be designated as a site for a casino, and in fact recommended and endorsed the

proposed casino that my client proposed to develop in the city of Ottawa.

This matter then went before council and at that time there were actually 15 councillors who were present, and as Councillor Brown indicated, the majority, 12 councillors, voted in favour of it; 3 did not. The councillors actually did speak individually as to their particular comments or observations with regard to the development, and I think it's fair to say that it was quite well debated.

The council also had appended to it a report of a local task force that was created by the mayor to provide input to council as to the general feelings of the city of Ottawa. The task force did recommend that Ottawa would favour a casino and that they saw no problem whatsoever in having a legalized casino in the city of Ottawa.

In terms, as well, of the size of the Turmel "casino gaming facility," I would just like to say that my observation is that the facility would be about the size of this room.

The next correction I'd like to make is that the regional council also voted in favour of having Ottawa designated as a casino; that was done November 1989. So both the regional council and the city council of Ottawa have made motions and it has been debated and both councils were in favour of a casino in Ottawa.

Those are all my comments. I'd be pleased to answer any questions.

**The Chair:** Thank you very much for making a presentation. We have about six minutes per caucus and the Liberal caucus is up first.

**Mr Kwinter:** Ms Natividad, you've obviously been an observer of the casino issue in Ottawa and obviously you represent a client who has a vested interest in seeing this thing come about. I'm trying to get a handle, because I haven't got a clear fix as to exactly what kind of casino you think Ottawa should have and the people of Ottawa think they should have. We've heard that something in the neighbourhood of 18,000 to 20,000 square feet, which would be a quarter of the size of the Windsor casino, is the sort of thing they're looking for. If that is what you're proposing, because you're saying that you think 60,000 would totally overwhelm Ottawa, what do you see as the economic spinoff for Ottawa of the kind of facility that you're envisioning?

**Ms Natividad:** I think I'll have to answer on behalf of myself. As Councillor Brown indicated, our city is a conservative city. It's also the capital, and I think that, as I perceive Ottawans, they would like to see something that is reflective of the capital, and the city itself is not very large. Overall, the Ottawa-Hull area is roughly about 937,000, and I think that a 60,000 square footage would be just a little bit overwhelming for that size of city.



In view of the fact that we are the nation's capital, we would like to enhance that image, and a Monte Carlo type of casino is something that is more favoured, that it's non-intrusive, it has the image of elegance and so forth and it also is quite fitting in terms of the demography and the location of where it is proposed. It is very close to Parliament Hill and it is going to be housed in a heritage-designated building and it will be in an area where it's non-residential, it's commercial, and in terms of the economic benefit, I think it would enhance tourism in general.

What is proposed here in Ottawa is that it would work and complement the existing tourism industry, for example, the hotels. Instead of having to build extra hotels, for example, you would work with the hotel people in terms of assisting patrons and working with them in terms of arrangements of some benefit to patrons of both casinos and hotels. The same thing with the restaurants: Instead of creating restaurants, you already have existing facilities on Sparks Street and you would then utilize those existing facilities and work with that. Those are the things that are envisaged.

It will give Ottawa a flair. It is an additional attraction, something that they would have apart from the existing gaming that is available here, the sports facilities and all the other natural amenities that are available. It is another, additional entertainment. There will be spinoffs. I would think that the vacancies in the Sparks Street Mall area would be filled, depending on how the casino is presented and how it will be sustained. I suspect that there will be a greater amount of night life that may occur and different kinds of restaurants that are there may change their menus and so forth. I think it would, in general, complement the entire tourism industry.

It really is a beautiful location. When you come right down to it, it exists right in the heart of downtown Ottawa, flanked by the major hotels linking it to all the existing amenities, where the market is and so forth. I think the councillors see that it would actually revitalize and make a coherent tourism area for the city of Ottawa. The size is not large enough that it would be intrusive, and at the same time it would, as I indicated, complement and work with whatever are the existing facilities that are here.

1550

**Mr Kwinter:** Are you supporting the concept of a membership club?

**Ms Natividad:** I think the mention of membership came about in response to those people who were concerned that welfare recipients may be using their last dollars to gamble. I think there would be some kind of membership. It would be certainly looked at and geared towards the patrons who will be coming, and it will be part of a marketing scheme. It is not there to prevent people from coming; it is merely there to assist in the

marketing of that particular kind of casino and the image that you wish to create.

**Mr Kwinter:** The reason I ask is that my vision of a membership club implies that you're going to have members who live in the Ottawa region, and as a result, it's not going to be an attraction for tourists because you have to be a member to enter; either that or you are a non-resident member, that you list your clubs where you belong, and "I belong to this particular casino." I just don't see how that is compatible with the tourism objective if it's to be a membership.

**Ms Natividad:** You could create marketing things with that. For example, you can have it so that tourists would have a certain entry level and persons with membership can have credit facilities. Those without membership will not have a certain credit facility. As I said, it's simply part of a marketing scheme as opposed to being the main criterion. I think what people are trying to say is that they would like it to be something that they would want to go to, it's a commodity to be purchased and that they perceive it as one of the additional features of a particular type of casino that is featured.

I would also like to say that before the regional council meeting, there was an unofficial poll that was taken of roughly about 120 people. The majority of those people who were polled actually favoured a casino in Ottawa of that nature that we're speaking of.

**Mrs Marland:** What's the current population approximately of Ottawa?

**Ms Natividad:** If you're talking of the Ottawa-Carleton region, it's roughly about 637,000, but usually the Ottawa-Carleton and the Outaouais area is thought of as being together. It's roughly about 900,000-some-odd; it's under a million.

**Mrs Marland:** So taking the lower figure, 120 people isn't much of a poll, is it?

**Ms Natividad:** No, that's what I indicated, a small sampling. But surprisingly, when the concept of the casino came up and there was media attention, I actually got calls in my office from people I don't even know who were quite pleased with it and said that it would certainly add something to the tourism industry and people were quite enthusiastic. So I suppose it's a question of who you poll, isn't it? Those who are in favour of it will say, "Yes I am," and those who are not will say they're not.

**Mrs Marland:** I'm just interested that regional council would have paid any attention to a poll of 120 people out of 637,000.

**Ms Natividad:** No, I don't think that was mentioned to them.

**Mrs Marland:** Oh, you just mentioned that it was before—

**Ms Natividad:** Yes. That's right.

**Mrs Marland:** You corrected Ms Brown, Councillor Brown, so I want to be clear about what you said. I will get it in Hansard, but it takes a couple of weeks. Was it the economic affairs committee?

**Ms Natividad:** Yes, it was the economic affairs committee.

**Mrs Marland:** A motion was passed by that committee recommending Empire Developments?

**Ms Natividad:** Correct.

**Mrs Marland:** Could you tell me who Empire Developments are, please?

**Ms Natividad:** Yes, it's actually a numbered Ontario company. Its sole officer and director is a man by the name of Luciano Minicucci.

**Mrs Marland:** Mr Minicucci is a resident of Ontario?

**Ms Natividad:** No, he's a resident of Quebec—Montreal—but the company's resident in Ontario.

**Mrs Marland:** But he's a resident of Quebec and this is an Ontario numbered company?

**Ms Natividad:** Correct.

**Mrs Marland:** Does he operate casinos in Quebec?

**Ms Natividad:** No, he doesn't. This is his first experience in it. No, he doesn't.

**Mrs Marland:** So he doesn't have any experience in it right now?

**Ms Natividad:** No.

**Mrs Marland:** He hasn't done a casino before?

**Ms Natividad:** No.

**Mrs Marland:** And he's the sole owner of this company?

**Ms Natividad:** Correct.

**Mrs Marland:** Did the economic affairs committee entertain other proposals?

**Ms Natividad:** No, no other proposals were made by anyone else.

**Mrs Marland:** So were you surprised that a committee of the Ottawa council would endorse a single proposal for a casino in Ottawa without hearing any other proponents for a casino?

**Ms Natividad:** No, we were very pleased.

**Mrs Marland:** You would be very pleased because you're representing them. But speaking from my experience as a city councillor for 12 years, I'm just floored that any municipality would say, "Yes, we'll endorse Empire Developments," without hearing from anybody else.

**Ms Natividad:** I think the mayor endorses us as well. We were the only proponents and I think the councillors saw the viability of our project and were quite assured and confident in our ability to do what we indicated we would.

**Mrs Marland:** It's very interesting. If the Ontario government were to heed the recommendations of the Coopers and Lybrand report, which is indeed to have an Ottawa location, does your client now have his foot in the door for that proposal because this motion's been passed? Was the motion of the economic affairs committee ultimately passed by the full city council?

**Ms Natividad:** Yes, that is correct, on June 16.

**Mrs Marland:** What did that motion say?

**Ms Natividad:** That the city of Ottawa approach the province to have Ottawa designated as a site for a casino and that the city of Ottawa support and endorse the development of a casino by Empire Developments and Carnival Cruise Lines Inc at 125 Sparks Street.

**Mrs Marland:** What's the second part of that? Empire Developments and what?

**Ms Natividad:** Carnival Cruise Lines Inc.

**Mrs Marland:** And who are they?

**Ms Natividad:** Carnival Cruise Lines run cruises. They have ships with casinos and they have vacation resort places in Nassau in the Bahamas, for example.

**Mrs Marland:** So they're Americans.

**Ms Natividad:** That's correct.

**Mrs Marland:** This is wonderful. It's interesting. So the door is closed now for any other operator of a casino in Ottawa, according to the Ottawa council.

**Ms Natividad:** Well, we have their support and their endorsement.

**Mrs Marland:** That's very interesting. Has this all been in the Ottawa media?

**Ms Natividad:** Yes, it has.

**The Chair:** Thank you, Mrs Marland.

**Mrs Marland:** I was just getting started.

**Mr Lessard:** Maybe there will be some time left when I'm finished so Mrs Marland can pursue this line of questioning, because it is interesting. I was going to ask about other proposals as well. We've gone through this exercise in Windsor for the past couple of years, and the results in the Coopers and Lybrand study suggest that a facility of at least 60,000 square feet could be supported in this market area. One of the fears that we had in Windsor was, what if we built a facility that was too small and thousands of people ended up coming to the city but were disappointed because they couldn't get in and there was nothing else for them to do? They'd never come back again. I just wanted to caution you and your client with respect to that possibility in this proposal.

1600

I understand that you are a lawyer and you have an interest in your own client's proposal, but I'm interested in your comments with respect to Bill 8. I would assume that you're familiar with that legislation?



**Ms Natividad:** Yes, I am. Yes, I have read the legislation.

**Mr Lessard:** In your comments you refer to the public confidence and trust in the credibility and the integrity of the regulatory process, and something that we're very interested in is the public's comfort in the regulations and making sure that they do feel as though it's properly regulated and controlled; and that's part of the reason for this committee. So I'm interested in knowing whether you have any suggestions with respect to Bill 8 itself.

**Ms Natividad:** No. The act itself actually is quite brief and quite succinct. I have nothing else to recommend.

I just wanted to say that I think that the public do feel very comfortable if there is the regulatory process that is being imposed. As I've indicated in my submission, I think that casino gaming will be well looked after and the public protected.

**Mr Lessard:** I wondered what basis you used to be able to make that statement, that people really do feel comfortable with what's proposed, because I find that most of the submissions that we're receiving are from people who really want to talk about a specific facility or gambling in general. They don't really talk specifically about the regulations because they're not really that familiar with what's in them.

**Ms Natividad:** I think I was really speaking of the trust and the confidence of the public in terms of regulating. There have been a lot of negative comments made about casino gaming in general. As you know, people like to highlight those things, and I make the comment really in the context that I think people, in general, feel comfortable if government is involved because they feel that those negative elements may not be present or would be removed if there is that presence.

**Mr Lessard:** All right. Thank you.

**The Chair:** Thank you very much, Ms Natividad, for presenting before the committee this afternoon.

**Ms Natividad:** Thank you.

**Mrs Marland:** That's all the time?

**The Chair:** We have about a minute left, Mrs Marland, and I figured if we were to get into more questioning you would hardly have enough to ask a question, to be quite honest.

**Mrs Marland:** That's too bad.

#### DIAMOND GAMING SERVICES LTD

**The Chair:** Our next presenter is Jack Edmondson, president of Diamond Gaming Services Ltd.

**Mr Jack Edmondson:** My partner, Matt Sagle, is going to speak instead of myself.

**The Chair:** Okay. If you would please make yourself comfortable and identify yourself for the committee

members and Hansard, you have 30 minutes within which to make your presentation and field some questions from the committee members. Whenever you're comfortable, please proceed.

**Mr Matt Sagle:** Thank you very much. My name is Matt Sagle. I'm a vice-president of an Ontario company named Diamond Gaming Services Ltd. We are a company registered to provide gaming services to charities that put on charity casinos in the province under the Gaming Services Act. I've never made one of these presentations before; I hope you'll bear with me. We've given some information in this presentation with respect to the individuals involved in the company. You can see there are three of us and we're all present this afternoon, but I don't intend to spend much time on it; you can look at that after perhaps.

It's our view that at the present time, Ontario is proceeding with an experiment in Windsor that's very expensive in terms of time and money, without any serious concrete plan to follow should it be successful or any reasonable alternative to put into place should it not be successful. We think that in two or three years from now when this experiment is completed, there's going to be a lot of pressure, given the time and money already invested in that project, to carry on in that same course that's now being considered. This is especially true if there's no alternative. No one's going to want to start in two years to try something else and wait another two or three years while that's tested.

I also think that what may seem feasible today may not be feasible in two or three years, as has been pointed out by members of the committee already, that there seems to be almost a gold rush mentality where casinos are concerned. It appears that within the next two or three years you're going to find American casinos serving the Detroit market. Already there are casinos around the Sault, in Michigan, and I expect that's going to become even a bigger involvement. Closer to home, you may have heard of the Akwesasne Indian reserve, which is just opposite Cornwall, where there's constant pressure to have a casino there. Just across the river in Quebec, casinos are already operating. Two months ago, there were busloads of people coming to Ottawa to gamble in casinos that exist here now. Today, if you look in the paper, you'll see ads for people to go to Montreal to play in their casinos. Of course, the casino in question is the one that's already been mentioned, and that was Casino Turmel.

As I understand it, in the last two years in the United States there has been an increase from 2 to 10 states that allow legalized gambling, and everything you read seems to indicate that trend is going to continue. Every region, every big city, wants its own casino.

The third thing I want to mention is that in Ontario we already have a gaming industry. Under the Gaming Services Act of Ontario, you have right now perhaps as



many as 50 registered gaming service suppliers, perhaps as many as 4,000 casino personnel licensed to operate charity casinos of a maximum of 30 tables. This industry was created by the province very recently. They've taken a great deal of money from these people, who've had to make substantial investments besides the fees involved, yet the mood of that industry now is that they're sitting in limbo trying to compete with unregistered, unregulated and unrestricted casinos which operate not just in Ottawa but in other cities as well, and trying to decide what move the government's going to make next: Is it going to support this industry it's created or is it going to abandon it? There are a number of people, as I've already indicated, licensed and trained to work in this industry and again everybody's waiting to see just what's going to happen.

What we're suggesting here is that there should be an alternative plan, that it doesn't make sense to go ahead with just the one casino in Windsor, just that one idea, and see what happens. What's going to happen if the indication is that that's not a suitable situation for other cities in Ontario? Will we start over again? What I'm suggesting to the province is that it cast its eyes to the west, not to the south so much. Forget the big mega-projects and the huge casinos of Atlantic City and Las Vegas, but look to Alberta and look to British Columbia, Saskatchewan. Manitoba is a slightly different case with the one large casino there, but the Alberta model is the one that—I don't know if anybody here has looked at that or examined those kinds of casino operations, but generally they're smaller. Their table limit is 24 tables, and probably requires not more than 5,000 square feet. There are numerous ones; they're all over. They're basically small businesses, people like ourselves who are gaming service suppliers working hand in hand with charities to operate them. The province doesn't own them, the province doesn't operate them, and if they don't work, the province doesn't have to pay for their failure.

What we're suggesting here is that there can be simultaneous testing. Already you have the framework within the Gaming Services Act. You already have the gaming suppliers and the personnel set up. All you really have to do is take legislation similar to that in Alberta or one of these other provinces I mentioned and amend it if it's thought necessary; perhaps, for example, to include the government in the revenue-sharing, and that direct benefit I think would pay for the scheme. You're going to have to have these expenses anyway: Already you have the Gaming Services Act as a mandate, and it's going to have to regulate and supervise casinos.

We're just talking about casinos no bigger but with slightly different games and limits. The city of Edmonton, for example, has five or six of those casinos. The city of Ottawa could probably do four or five as

well. Twenty-four tables, you can imagine, is not a very large casino, although, I'll tell you, it's about the size of Casino Turmel, which, as you've heard, hired approximately 100 people.

The advantages we see to this proposal are that, first of all, there are no additional public funds required. The job that has to be done with respect to the charity casinos just carries on. There's no risk to the taxpayers in the event that somebody wants them to cough up extra money for the purpose of subsidizing a large casino or to protect an investment already made by a province or a municipality.

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There will be jobs created immediately. Right now, this is pretty much a part-time industry. You may or may not know that we're allowed to operate for three days at a time in different locations each month, so mostly it's part-time work, but these jobs would immediately become full-time, and that would have obvious benefits to many communities as well as Ottawa. These casinos would be run by small business people, Canadian citizens, rather than by large American multinational corporations.

As I indicated already, the legislative framework is already in place under the Gaming Services Act. The simultaneous testing of this kind of model would allow the government, when the time comes, to actually have an alternative. I stress again that if there's no alternative, there are people who are not going to be happy to sit back and start it over two years from now. At the least, you'll get a lot of information about various areas of the province and whether casinos would work in those places. You would have people working in the industry gaining experience, so that even if you go ahead with the large projects you will have trained personnel ready to work in them.

You would also rescue the present charity casino system, which forces charities to compete with these unlicensed and unregulated casinos that have also sprung up, as I say, not only in Ottawa but also in Toronto and I would guess almost every mid-sized city in the province. With respect to this last point, I note that right now there are three unlicensed casinos in Ottawa. There were four a month ago and, as I understand, there may be as many as six by next month.

The province has specifically indicated that this is not its problem, and it's left it in the lap of local authorities to deal with. The police here and other authorities do not have the resources to do the kind of investigative work necessary to try and determine if each one of these casinos fits within the fairly vague and complicated provisions of the Criminal Code. The investigation which you may be familiar with lasted some 18 months. They can't do that with each one. They can close down and open up in another location next week under a different name.



Licensed charities cannot compete with these casinos, given the betting limits, the hours of operation and the impermanent locations that are forced upon them by the terms of their licence. What I say to you is that if you let the registered gaming suppliers and the charities operate competitively with these places, they'll become redundant. People will play in casinos that are regulated and licensed and have those kinds of limits before they will go to those places.

It is our belief that the future of gambling, casino gambling in particular, in Ontario ought to follow the Alberta style: There ought to be smaller casinos, more of them, and let independent business people run them.

Part of the problem is that there are not going to be new Las Vegas or Atlantic Citys. These megaprojects are a thing of the past, really. There are going to be so many casinos in so many places through the States and through Canada—Indian reserves all want part of this action as well, as does every province and a growing number of states—that people are not going to have to travel very far to get to a casino, in another five or six years. What are you going to do with 60,000-foot casinos when no one's coming, when they can go to the casino an hour's drive away?

In our respectful view, those who support bringing large American gambling interests in to run Canadian megaproject type of casinos are misreading the future of gambling, if not the past, and they ignore the concerns of the Canadian taxpayer where such projects are concerned. They always turn out to be more expensive than they're planned—they always do—and a lot of the time they require public funds to bail them out later on.

In our view, those in Ottawa who dream of rejuvenating our own local economy by creating a Caesars Palace on Sparks Street have stars in their eyes; in this case, perhaps stars and stripes. If these people could get behind this kind of proposal and the small businessmen and women in the community, rather than courting large American gambling interests, they would see immediate financial benefits.

We don't believe that any decision you make with respect to how casino operations carry on here is going to make a big difference to the economy of Ottawa. There are some jobs and maybe some tourists will come here and be glad to play, but they're not going to flock here, and it's not constantly, I believe, going to make that big a difference.

What we urge the province to do is look to the future of casinos as reflected in the western Canadian experience rather than in the American past. Keep them small, keep them community-based. They should be able to survive in the community without a lot of tourists, and if they can't, then they shouldn't be in the business, and that's how it'll turn out.

However, it's not necessary that we all have the same

vision of what casino gambling is going to be like in the future. What we're suggesting is that both methods can be tested at the same time. The Windsor project obviously is going to proceed and we're going to see what happens. You've already got the Gaming Services Act set up. That can be used as the framework to do the other test at the same time.

In three years, you'll have your answer, you'll have choices, and the way you're going now, we suspect you won't have a choice in three years. You'll have spent your time and money chasing that one model, and where will you go if it's not successful?

The second part of this presentation I'm not going to go into verbally. Basically, it's a more detailed response to Bill 8 and to the proposed Ontario Casino Corp. Mr Edmondson of Diamond has gone through it and has made some recommendations which we think will be helpful. Obviously, that's going to happen. It's going to be needed to run the Windsor experiment, and no matter what choice you make in the future, it'll still be helpful.

I know most of what you've heard here today and likely will hear tomorrow is more based on, what are you going to do here in Ottawa? But if you spend some time going through that, I think you'll find it very interesting. We'll be glad to have anyone contact us who has questions or suggestions about it. If you've any questions now, of course, we're both present to hear them.

**The Chair:** Thank you for your presentation. We have about six minutes per caucus. We'll start with the Conservatives.

**Mr Sterling:** Thank you very much, Mr Sagle, for coming here. I did read the other parts of your brief, and you no doubt have a fair bit of knowledge, along with your partners, of these various models that are available. I was out in Alberta about a year and a half ago and talked with one of the people who is responsible for administering some of the charitable gaming houses or casinos in Alberta, and he was telling me how successful they have been for the charities out in that area and how trouble-free they have been as well. He mentioned that in setting them up they had seconded, I guess from Manitoba, the same retired RCMP officer to help them set up their regulatory framework so that they wouldn't run into problems in that province.

I think your suggestion, if we are going to go in terms of doing casinos, is a very valid one, and I think it's one that probably makes a lot more sense than the idea of having a number of would-be casino owners who don't have a great deal of experience set up across the province in various areas and I think lead to a lot of disastrous financial situations as well as dashing a lot of false hopes.

In terms of the training in Alberta, the trained dealers etc, do you know how they control them?

**Mr Sagle:** How they're regulated by the province? I have a copy of the terms and conditions for the casinos there, but I don't think it tells me exactly how they were trained. Jack, do you know anything about that?

**The Chair:** If you want to make a statement, you're going to have to come up to the microphone; otherwise we won't record it. If you'd please come forward and just identify yourself, make your statement and it'll be in Hansard.

**Mr Edmondson:** My name is Jack Edmondson; I'm Matt's partner. I'm not sure, but I believe Alberta Bingo Supplies, which is one of the main operators there, does the bulk of the training of the staff for personnel and dealers. I'm not sure of what the licensing requirements are in terms of gaming assistants, as they're known under the Ontario legislation.

**Mr Sterling:** I visited one of the casinos. In fact, I was at the West Edmonton Mall and was quite surprised that there was a casino there; I didn't realize they had it, and walked into it. Then I was surprised to learn, as I met this individual through a social contact at a later time—I thought it was a regular casino, yet it was in fact being run by them for charities, and fairly well controlled as I saw it.

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**Mr Edmondson:** Yes, Bill McColl did a pretty good job, the fellow that you're referring to, I think, from the RCMP?

**Mr Sterling:** Yes.

**Mr Edmondson:** Yes, I've talked to Bill. He's done a good job there.

**Mr Sterling:** I think it's an interesting perspective. Quite frankly, I'm glad to get some facts here rather than sort of the emotional appeal of the whole debate. Thank you very much.

**The Chair:** Mrs Marland, we have about a minute and a half.

**Mrs Marland:** I would like to congratulate the Diamond Gaming Services. This is a very comprehensive presentation which obviously Mr Sagle just skimmed through very superficially because of the time limitation. I'm going to enjoy reading this.

I think you said there were four illegal casinos going on in Ottawa today?

**Mr Sagle:** I know you've toured the Sparks Street. If any of you are interested in touring the casinos, we can arrange that as well. There's three of them at the present time.

**Mr Phillips:** Are they legal?

**Mr Sagle:** Let me say this: They're unlicensed and unregulated, but they have not been determined to be illegal. They've not been charged. Gambling is not illegal, as you know; only certain kinds of gambling and

only under certain conditions. These have not been determined to be illegal. It can't be confused—

*Interjection.*

**Mrs Marland:** No, I haven't finished.

**The Chair:** Okay, you've got a little bit of time, but just—

**Mrs Marland:** Well, those are really rather astounding statements. I guess I don't know very much about casinos. It's interesting to me that you have a city council in Ottawa which, bang, they hear one proposal and they endorse it. At the same score, there must be some of those councillors—do the city of Ottawa councillors sit on the regional council?

**Mr Sagle:** Some of them do, I believe, yes.

**Mrs Marland:** That's what I thought. So they are in turn responsible for policing, as regional councillors. You have a regional police force, don't you?

**Mr Sagle:** Yes. There's been a lot of publicity about these other casinos. It's not hidden and it's not been a surprise. One casino was recently closed; it'd been open for 18 months. It'd been advertised in the local paper and been on the newscasts. It's not been anything hidden or underworld, if that's what you're thinking.

**Mrs Marland:** Has anybody taken responsibility for anything in Ottawa when it pertains to casino operations?

**Mr Sagle:** I would say no. I mean, obviously there have been charges laid in one situation, but there's no guarantee that person will be convicted. In fact, there's some serious doubt as to whether these casinos are illegal. The laws with respect to casinos and gambling are fairly complicated, they're fairly old and they're hard to interpret. There's a reasonable chance that these are not illegal casinos.

There's probably not a gaming service supplier in the province who doesn't look to these places and ask himself, given the way our hands are tied and the way we have to operate in competition, "Why don't you go to the other side?" Everyone is asking themselves: "Well, if they're okay, why aren't we doing that? Why are we paying \$4,000 and playing under restrictive rules?" Everybody's wondering.

**Mrs Marland:** So we have Bill 8, which is proposing to do something unique in Ontario, which is to open casinos in specific locations that benefit primarily the general revenue fund of this provincial government.

**Mr Sagle:** Yes, and not charities, of course.

**Mrs Marland:** And not charities.

**The Chair:** Thank you very much. Ms Harrington.

**Ms Harrington:** I'd like to first thank you very much for this brief. It certainly does contain information, and that's what we're after.

First, can you tell me how many casinos are in Alberta?



**Mr Sagle:** I can't. I've seen the list and there are numerous.

**Ms Harrington:** Are you talking 20 or—

**Mr Sagle:** I would say at least that. There are five in Edmonton, and I think they're spread out throughout the province. I know they have some that come and go, like the Calgary Stampede casino, which is just there, I guess, for the few weeks of the event, but I believe in other smaller locations as well throughout the province.

**Ms Harrington:** I see. Well, we do have the one at the CNE, which is a seasonal one as well.

**Mr Sagle:** Yes, it's a special case, true. We have one here at the Ex as well.

**Ms Harrington:** I was interested in your talking about it being community-based and helping charity. Obviously, what we were talking about in the previous few weeks was something more than that or different from that, where you certainly would have a saturation point where you couldn't put them in every community or it just wouldn't work. Also, of course, it wouldn't benefit tourism at all if it is community-based.

**Mr Sagle:** You know, I hear that business about tourism and I'm not convinced that gambling is a big tourist attraction. People don't go to Las Vegas just to gamble. If all there was was gambling in Las Vegas, you wouldn't have near the number of people from here who go there. They'd go to Atlantic City, into the United States. There are places and reserves right now within a few hours of here where you can gamble. It's not the gambling. It may be part of it, but that's a big entertainment city. There are all kinds of things to do there. It's an event just being in that place.

With the number of casinos, even if there are five or six of them in this province the size of the ones you're talking about, along with the unlicensed type of casinos and the reserve casinos which are also going to have to be dealt with in the next couple of years, I expect, I think there are just going to be enough of them that I don't think anybody's going to say, "Let's go to Ottawa because we can gamble there." You know, if they like to come to Ottawa and they come because of the city or for other reasons, that's fine, and maybe some of them will gamble when they're here, but I don't see it being a big gambling destination. We're not going to go to Toronto from Ottawa to gamble. If you have one in the Sault or Sudbury, those people aren't going to—I mean, I just don't see it being a big tourist attraction any more. I think there will be too many of them.

**Ms Harrington:** I think what you're telling us is that we have to go carefully and slowly and know exactly what we're doing and why we're doing it—

**Mr Sagle:** I guess so, but I think you need alternatives.

**Ms Harrington:** —and make sure that the outcome is what we want, which is, I believe, tourism and

economic development and not too many, a saturation.

**Mr Sagle:** If that's what you're looking for, I guess I would say that. I don't know if that's the opinion of everybody as to why you're going the way you're going, but certainly in the eyes of the communities you're speaking to, if somebody says they've got gold in their eyes, that they see it all as big bucks, a lot of money coming in, then it's going to be hard to fight that.

Secondly, going slow is okay, but in more than one direction perhaps. You're taking that one course, but what happens if that course leads you to a decision that that's not the way to go? Where is your alternative?

**Ms Harrington:** Yesterday we spoke, actually in closed session, with some of our experts who have done studies for us, and I want to ask if our casino project team has spoken with Diamond Gaming Services.

**Mr Sagle:** They wouldn't even know about us, quite likely. We do deal with the government agencies concerned with charities and are working with them closely, but we haven't spoken with anybody along this line, no.

**Ms Harrington:** At that point, I think I'd like to refer your brief very specifically to our project team to look into.

**Mr Sagle:** I appreciate that. Thank you.

**Mrs Marland:** Well said, Margaret. It's a good resource.

**The Chair:** Mr Duignan, you want to make a comment to clarify something, I understand.

**Mr Duignan:** Actually, I wanted to ask a question but I didn't get an opportunity to do that. However, I did want to make a comment in relation to the casino in Windsor. The Coopers and Lybrand report took into account the possibility of a casino opening in the Detroit area. They identify that that potential catchment market area could stand casinos in the range of about 250,000 square feet. So our casino in Windsor would be around the 75,000-square foot mark, and in fact they have taken that into account and the projections are based on that fact.

**Mr Sagle:** That's good. I hope it works for Windsor.

**Mr Duignan:** Well, we feel it will.

I was interested in your statement on credit and why, again, you would not allow any credit in the casinos.

**Mr Sagle:** I'll tell you, I think that a lot of people are concerned about gambling in general and that there are people who have difficulty with it. I think it's just an answer to that problem. I think people who have that problem are more likely the ones who are going to need credit. I was brought up saying if you can afford to buy it, you can buy it, but if you don't have the money, you don't. Credit has a way of getting away from a lot of people, and I think people who are generally concerned

about gambling may be somewhat assuaged by that kind of situation, where they know that if they have some money, they can lose it, but they're not going to lose everything.

1630

**Mr Duignan:** The credit in the casino in Windsor is a pre-arranged credit and there are stringent credit checks, more stringent in fact than going to get a loan at the bank. If you simply don't have the money, you don't get it.

**Mr Sagle:** Maybe they are, and I wish you good luck if they are. My experience in casinos in the United States, for example, is that I can go down and I can have credit at Caesars Palace, or have had credit at Caesars Palace, and two years later I still have it. There are no more checks, no more questions: I've got it. I'm not saying it has to be that way; it's a suggestion. If other people feel differently, it's not the be-all and end-all of my discussion, but I tend to think that if people are worried, not necessarily about people who are addicted but people who will just overspend and use their family money on gambling, it's a way of protecting them a little bit. Maybe you don't have to protect them or maybe you feel you don't have to, but it's just an idea.

**Mr McClelland:** Sir, it's been said before: Well done. Thank you for the format. It's very useful and it's much appreciated.

It's interesting, sir, your representing the industry that you do and your association with it. Last week in Toronto, we had some of your competitors, in that particular market in any event, who indicated that in their estimation there are some 5,000 people—you indicated 4,000—employed. Be that as it may, it's a goodly number of people. They indicated as well that there had been no consultation, notwithstanding the fact—you mention that nobody had spoken to you—that they had actually come forward and said: "We would like to talk to you about it. We'd like to make our concerns known and have an opportunity to share with you some ideas and hopefully some suggestions." That opportunity was not afforded them. I appreciate Mrs Harrington making specific reference to that and moving it on. I want to say this just by way of comment, and you may or may not want to comment. My colleague has a pretty good question.

There are a couple of things I've heard today. I suspect my friend the parliamentary assistant, who is a good man, an honourable man—I think things are going to come back to haunt him. I think the pressures will be considerable. Coopers and Lybrand indicated last week that timing is of the essence. I suspect the projects will be accelerated and that we will find ourselves in a situation where we're trying to juggle a whole lot of chips in the air, if you will, at the same time, and some of them may not fall where we want them. My friend

will indicate, "Well, that's the government policy of the day." It is today, but we'll wait and see what tomorrow or the day after holds.

Similarly, regarding credit more strict than the bank, I'll wait and see on that one. I'm sure there's no intent—as I said, my friend is an honourable man and I count him among my friends, but I think we're being naïve. I think there are going to be tremendous pressures. I appreciate the alternative plan, as you put it, that you've set forward, and I thank you for that.

**Mr Sagle:** I tend to think their intent is good and I'm sure they'll do the best they can. It's a difficult area to really control.

**Mr McClelland:** I suspect, just for the record, that some time around the eve of an election, we may hear an announcement of projects in a few select communities.

**Mr Kwinter:** If I could just put it on the public record, I neither wrote this report nor read the report before it was presented, but much of what you've said, I have said over the last two weeks.

One of the things that I'm really interested in, given your knowledge of the industry, and it's a question I posed to one of the officials yesterday: The model that is being set up in Windsor is that the government will own it, it will enter into a management contract with the operators, and the government will then take 20% of the win. It would seem to me that for anybody to get involved in that kind of operation, whether you're Caesars Palace or anyone else, you would want to get some sort of guarantee from the government that you're going to get a fair return on your investment at minimum, plus some ability to share in the upside: the better the casino does, the more profit you make. The question I asked of the official is: "You'll also have to give them a guarantee on the downside. What happens if they lose money? Are you going to make some arrangement?" The response was, "How could they possibly lose money?" Could you comment on that? Because you allude to the fact that it is possible to lose money in a casino.

**Mr Sagle:** It's gambling, and you can always lose. These kinds of casinos will always bring money in. I think that they will always bring money in, and it depends—I suggest to you it's something perhaps like the SkyDome in Toronto. It brings in lots and lots of money, but it costs even more.

**Mr Kwinter:** That's why I said. I used that exact example in Windsor.

**Mr Sagle:** A small casino with a low overhead has less risk, but as I understand it—and I don't know the details of the finances of the Windsor operation, but it's huge. If it doesn't work, there is a downside. In Las Vegas right now there are casinos in receivership. You can buy a casino in Las Vegas, the gambling capital of



the world. There are casinos for sale, casinos in receivership, and that's not particularly unusual there as the economy goes up and down and gambling interests go up and down. Those people are trying to get into other areas. I don't know who's made all the applications in Windsor. My guess is almost all of them are American and almost all are American gambling interests from Las Vegas and Atlantic City, and they see that the future of gambling is spreading and they're going to be stuck with those places when people are not going to be going to them as much. So casinos can lose money. Casinos can go bankrupt, and have. So you still have to be careful.

**The Chair:** Thank you, Mr Sagle, for presenting before the committee this afternoon.

**Mrs Marland:** Have they used all their time?

**The Chair:** Yes, they have.

At this point in time, I regret to inform the committee that our next presenter is not available.

**Mrs Marland:** Oh, so did you want to hear from me more?

**The Chair:** No, Mrs Marland, not necessarily. Therefore, we will be adjourned until 9:30 am tomorrow.

The committee adjourned at 1637.





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Wednesday 1 September 1993

# Journal des débats (Hansard)

Mercredi 1 septembre 1993



**Standing committee on  
finance and economic affairs**

**Comité permanent des finances  
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Ontario Casino Corporation Act, 1993

Loi de 1993 sur la Société  
des casinos de l'Ontario

Chair: Paul R. Johnson  
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# LEGISLATIVE ASSEMBLY OF ONTARIO

F-585

## STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS

Wednesday 1 September 1993

The committee met at 0931 at the Delta Hotel, Ottawa.

### ONTARIO CASINO CORPORATION ACT, 1993

#### LOI DE 1993 SUR LA SOCIÉTÉ DES CASINOS DE L'ONTARIO

Consideration of Bill 8, An Act to provide for the control of casinos through the establishment of the Ontario Casino Corporation and to provide for certain other matters related to casinos / Loi prévoyant la réglementation des casinos par la création de la Société des casinos de l'Ontario et traitant de certaines autres questions relatives aux casinos.

JIM MILLAR

**The Chair (Mr Paul R. Johnson):** Jim Millar, please come forward. You have 30 minutes to make your presentation and field questions from committee members. Whenever you're ready, please proceed.

**Mr Jim Millar:** Thank you. Mr Chairman, ladies and gentlemen, you have my presentation in front of you. You'll see on my letterhead that my company name is Scotland House Ltd.

I'd like to thank this legislative committee for the opportunity to express myself on the question of casino gambling as a private individual.

I have been a resident of Ontario for the past 43 years and I have conducted a business in the city of Ottawa for the past 27 years. My present business is located at 135-139 Sparks Street, immediately adjacent to the proposed site for an Ottawa casino at 125 Sparks Street, the former Bank of Nova Scotia building.

Much prior to the selection of this particular site, when the province first surprised most people with the announcement of considering to permit the operation of casino gambling houses, I was asked by one of the local radio stations for my opinion on this decision. I gave it readily. I stated at that time that I was shocked to learn that the politicians would take this course of action as another means of taxation without giving consideration to the existing social problems before creating more. At that time, I felt we should address the problems of the hungry, the homeless, the ill-clad children, the runaway youths roaming the streets, the addicted and the distressed in general. I have not changed my opinion. The whole social problem will be aggravated by the introduction of gaming casinos into our province, and our politicians must face this reality.

Atlantic City, where the casinos were supposed to revitalize the city's stuttering economy, according to their local economic development committee, now has the highest rate of people on public assistance in the

United States of America.

Officials are extremely concerned about children being left unattended while their parents are gambling in the Atlantic City casinos. Executives at such casinos as Harrahs, Bally Park Place, Bally's Grand and the Showboat acknowledge the problem but class it as "negligible." I ask you, how can anyone say that the problem of leaving children unattended in the vicinity of a casino is negligible?

Captain Carlton Duncan of the Atlantic City police department is on record as stating that he remembers a man had to be physically removed from a casino floor to attend to his children. Another man left his three young children for several hours until he was tracked down in another casino. One casino employee called unattended children "victims-in-waiting." "You have all kinds of people coming into casinos, child molesters, drunks, thieves. Every casino has them."

For anyone to dispute that gambling creates social problems ranging from spousal assaults, child abuse, marriage breakups to increases in criminal action to feed this particular habit is totally irresponsible and displays a complete disregard for the dignity of the individual and the quality of life in our communities.

In the 1993 Yellow Pages Directory in Ottawa-Hull, there are 56 listings under Addiction Information and Treatment Centres. Not one of these is listed for gambling addiction, and there is little doubt that this will change dramatically should casino gambling be introduced at a time when, as a society, we should be striving to find an answer as to how to reduce the number of existing addicted persons from other sources.

The state of Maryland Department of Health studied the effect that legalized gambling had in its state and found that gambling addiction was on a disturbing rise: An estimated 1.5% of the population was addicted to gambling. This represented a 100% increase in the previous 15-year period, when casinos were not legal. This resulted in an annual cost to the Maryland taxpayers of \$1.5 billion.

With respect to criminal activity, since the beginning of time society has been plagued with individuals who are not prepared to earn their living by their own sweat, and this type of person is not unique in our modern society. They maintain themselves by living off the avails of others, be it prostitution, theft by housebreaking, armed robbery, purse snatching, loan-sharking, illegal gambling, mugging, narcotics etc. All will be associated to the casinos, and our communities would see a drastic increase in crime where the casinos were



located. It would be totally irresponsible to state that somewhere along the line, organized crime elements would not have a finger in the cash pie.

This fact is being addressed and acknowledged by Mr Claude Ryan, the public security minister in Quebec, when he stated that it was certain that the presence of a state-operated casino would create a problem with respect to security and police protection. It was further stated that the Quebec casino was being located on a site selected from a security standpoint. Incidentally, that site is an island.

One Quebec official stated that the economic spinoffs appear to outweigh the threat of an increase in illegal activities, such as loan sharking, prostitution and racketeering.

In a recent A&E television special dealing with the problems created by the explosion of gambling casinos in the USA, it was stated that this can be attributed to part of the reason why the Americans have experienced a 29% increase in major and violent crimes in the past five years: every 17 seconds, a violent crime.

The introduction of a casino into the business environment of a "High Street" resulted in an increase in rent and taxes that placed the businesses in a position of either closing up shop or changing to a gambling operation themselves.

Our police forces are stretched to the limit at the present time. The service, prevention and detection of crimes have diminished in recent years, probably due to fiscal restraints placed on them due to the period of recession in the early 1980s and the 1990s. One of the crucial services that are required in an organized society is that of an efficient police force capable of maintaining the preservation of law and order and the protection of life and property.

We cannot afford to place these requirements in any form of jeopardy to accommodate gambling casinos, nor can we afford to open the door to unethical practices by the "bad apple" in our police forces and must ensure that their professionalism and high standard of conduct are maintained in the eyes of the public that they are serving.

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Extravagant claims of financial benefits to the communities where casinos will be located are being made by the proponents of legalized gaming houses. If they can only show what they expect to receive and not what it is going to cost, then how can they predict what the bottom line will be? Perhaps the economic development committees throughout this province should be taking a look at the Atlantic City experience that gives it the dubious distinction of having America's highest rate of people on the welfare rolls.

"Policymakers should be aware that the taxes on casino gambling place a proportionately heavier burden

on low-income groups." That's what a 1991 study in the American Journal of Economics and Sociology said, under the heading of "The Incidence of Taxes on Casino Gambling: Exploiting the Tired and the Poor."

Also in the American experience, a Chicago study found that the average lottery spending was \$76 in the 10 wealthiest zip code areas, compared to \$221 in the 10 poorest. This, to me, symbolizes a great part of the problem associated with this form of gambling, in that people's false dreams and illusions are being manipulated by the operators of casinos for their personal greed. It is time for the restructuring of opportunities of realistic dreams to improve the quality of life, and not follow in the path taken by our neighbours to the south that led them to the multitude of problems created by casino gambling.

Obviously, I do not feel that gambling casinos are a real answer to the economic problems of today, and it would constitute a regressive form of taxation. I will not take up this committee's time by outlining my objections to the proposed casino next door to me on the Sparks Street Mall in Ottawa other than to express my concerns over the process whereby this location received city council support and the awarding of the franchise to one party. I feel that the democratic process was not followed in this particular matter.

In conclusion, I ask that the proposal on casino gambling be abandoned by the provincial government and that this matter be reverted back to its status as a criminal offence. Should the government feel that it should proceed along the lines that it has taken in the recent past, then I would ask that the matter of locating in a particular community be determined by the inhabitants of that community by a voting process that was formerly employed under the auspices of the LCBO for the introduction of liquor outlets. In areas where a casino was approved, there should be a bonding requirement placed on the operator of the gaming house of several million dollars to address any social problems and the increased incidence of criminal activities.

Once again, I thank this committee for the time it has made available to me as a private citizen to express my concerns in this matter which should be of mutual concern.

**The Chair:** Thank you very much for your presentation, sir. We have a little more than five minutes per caucus. We're going to start with Mr Phillips.

**Mr Gerry Phillips (Scarborough-Agincourt):** I appreciate your brief, Mr Millar, and I think you've outlined concerns that many of us have. I think the challenge on the other side is that, as we've found in these hearings, there is what I call almost a gold rush mentality about these things. It's like they are the solution to the economic problems of every community. It looks like people are enthusiastically embracing it from a job perspective and from a tax perspective. Have

you had an opportunity to review at all any of the material in terms of predictions of jobs and of tax benefits that could accrue to a community that had one of these things?

**Mr Millar:** Yes, I have, sir. Some of the material that's been supplied to me or that I've heard about was put forward by people—for example, we had a First Night celebration here in Sparks Street Mall to celebrate the new year, in place of the activities on Parliament Hill. It was proposed by these same people who are making predictions of job and tax revenues today. Initially, they said to expect to have 40,000 people in Sparks Street Mall; it finished up with 15,000. I think that pretty well answers your question.

As far as the gold rush is concerned, let me remind you that the north, the Yukon, is full of shack towns abandoned. I think it's more important for the business community to put their heads together and come up with some constructive ideas, something that fits into the environment in the mall. We should be a people place; it's a pedestrian mall.

**Mr Phillips:** The presentations we've heard to date from the community tend to sound quite supportive of the proposal here and you're one of the few who have raised concerns about it. Why is it that it appears the rest of the—or at least the perception is—Sparks Street proprietors tend to be fairly strongly in favour of this?

**Mr Millar:** I wouldn't really agree with you saying that the rest of Sparks Street were totally in agreement with it. The main advocates are restaurant owners, four of which are on the board of management. They have a vested interest here in seeing this come to Sparks Street Mall. As far as the rest of the business community, the retailers and such are concerned, some don't want to take sides, others are concerned, others would have been here today but they have their own businesses to look after.

**Mr Phillips:** We'll be hearing later from the mayor this morning, but I gather that city council is fairly strongly in favour of this. Assuming that this might go ahead, have you any advice for the Legislature on things that we should try and ensure are part of the legislation? I know that at the end of your presentation you had a couple of recommendations for us. Have you any other thoughts for us on how we might minimize your concerns?

**Mr Millar:** I think if you follow my recommendation of holding plebiscites within the local community, that would address all my concerns. From what I hear from my customers and people on this street, and I talk a lot to people on the street, they're all against. I think one person said he was in favour of it. I don't think he was in favour of it totally; he was in favour of it, but not totally, no. It wasn't really a major concern to him, but I got the impression that he wouldn't be a customer of the casino.

**Mr Phillips:** Actually, we were in Sault Ste Marie on Monday and that community seems to be quite strongly in favour. The mayor predicted that 80% of the people would be in favour with their projection. Based on what I've seen so far, the people who are in favour of these can launch a pretty strong argument in terms of jobs and revenue and what not.

I appreciate your recommendation on the plebiscite, but if one assumes that it carried, have you any other recommendations for us in terms of how we would minimize your concerns if there is a casino? I realize your belief is that the referendum wouldn't pass, but I think we also in the bill have to anticipate that where it passes, how we can minimize concerns by someone like yourself.

**Mr Millar:** One of my main concerns and my opposition to this particular form of gambling is the effect it has on the social life. I'm in a position where I have funds available through an organization to which we make contributions to help people such as Operation Go Home, Soup Kitchen Live, distress centre—there's quite a number of them that we apply these funds towards. I resent making that effort and then have the government create more problems that we have to address.

**Mr Norman W. Sterling (Carleton):** I'm very pleased to see you here today, Mr Millar, if I can call you Jim. I should tell the members of the committee that Jim and I met some 15, 16, 17 years ago when I was practising law and I represented Jim on a number of occasions. I haven't seen him for 15 or 16 years because I haven't practised law for 15 or 16 years, but I did know at that time of your strong feelings on issues of the day and I also know that you in a sense have been a gambler yourself in terms of being an entrepreneur and starting a number of businesses and being successful in those.

I want to thank you for coming forward and bringing your moral convictions to this committee, obviously having done some reading and preparing yourself for this. As someone who might on the fringe receive some benefit, opposing some kind of activity next door to you on a moral basis—I think that says a lot for you, Jim.

Do you think it's going to revitalize the Sparks Street Mall, this proposal that the city of Ottawa's looking at?

**Mr Millar:** No, I'm not of that opinion. The customers who will be coming to that particular location would be there solely for the purpose of gambling. We have a problem with parking as it is at present, a parking problem in that area. Although there are probably lots of parking spaces available, they're not readily identifiable. However, that's one of the main concerns of the business community, the parking. We see where the gamblers who come, not to do business with us, will take up the parking facilities.



In fact, I believe I made a recommendation to city council in June, as a last-ditch effort to get them to try and change their minds, that they take over an abandoned building on Sparks Street Mall, which was really quite an eyesore—it's the Woolworth building—and demolish that and create a parking facility, that the cost of this should be borne by the developer. So the parking is a problem.

I really don't think that people are going to come in there in their tuxedos at night to buy a tartan tie from me, a pair of shoes from the gentleman next door to me or some other garment. I can't see them going to be a benefit to the mall restaurateurs and whatever else springs up there to accommodate their needs.

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**Mr Sterling:** I was astounded to hear yesterday, as many members of the committee were, about Ottawa's choice and its manner of dealing with choosing this particular proponent to provide the casino there. That proponent was here represented yesterday, indicating that it had no experience in this area. I guess of all of the concerns that I have in terms of not only what emanates out of a gambling casino, as proven historically in the USA—at least, in most of those cases, they had experienced people coming in who knew how to run a casino, who knew how to handle the cash, how to handle the staff, could hire the appropriate people, had managers to deal with this. Have you looked at all at the background of this particular proponent and do you have any confidence in this particular proponent?

**Mr Millar:** I'm rather sceptical of the whole operation there in that, first, it's not a large enough facility for a real, viable proposition, as far as taxation is concerned. The developer has had that property for several years now and a company called Genesis Corp, gentlemen who are in town here, the Falsettos, had it prior to that. They presented the BIA board with a proposal for development as a restaurant. We all thought this was a good thing for Sparks Street Mall, a classy restaurant, to get away from the hamburgers and hot dogs and the French fries that we see so often in malls.

We wanted to try and build up the prestige of the mall too, in that we could offer a better quality of clothing and more attractive to the tourists in the mix of the stores. We were all under the impression that this restaurant was going to materialize and all of a sudden it doesn't; there's a lack of funding and the whole thing falls apart. They bring in another gentleman from Montreal, another developer. It was supposed to be a restaurant also; it was supposed to be a restaurant under the terms of the lease from Public Works to Empire Developments, up until most recently. I don't know if it's changed or not, but it was leased for a restaurant and a restaurant only.

I made a major development in my particular company, in that I took over two other stores that were

vacant; they'd gone into bankruptcy in the spring of last year. Then, all of a sudden, I see there's a casino suddenly being proposed by the mayor and it was to be located right next door to me.

When I checked with Public Works, I was given the impression that, "No, everything's all right; it's leased for a restaurant and a restaurant only." After a couple of newspaper articles, eventually I wrote to Mr MacKay, who's Minister of Public Works, and he, in a sense, gave me an assurance that there wouldn't be any casino there. As it stands right now, to the best of my knowledge it's not leased for a casino; that's not one of the items that can be used there under the terms of the lease. Of course, a lease can be amended quite readily.

But now we find that we have a gentleman coming in from down in Florida with a cruise line, a multimillionaire. It looks to me as if he's a very shrewd businessman and the bottom line means a great deal to him personally. He's getting involved in a small operation, Sparks Street. I just can't see what his motives are here. I have concerns along those lines. I just can't see this businessman becoming involved in this.

**Mr Kimble Sutherland (Oxford):** Thank you, Mr Millar, for coming here this morning. You've outlined a case against casino gambling and what you feel are some of the problems associated with it. I guess I'd like to know how you see other forms of gambling, whether that be lotteries, charity casinos, betting at racetracks etc. It seems to me that we have quite a bit of gambling going on right now, yet there seems to be an impression by many that somehow casino gambling is a lesser form of gambling or it's a more evil form of gambling. What, in your view, makes one form of gambling worse than another type of gambling?

**Mr Millar:** I think, firstly, each generation seems to change its values with respect to all matters. I can recall, back in the 1950s, there was a gaming house, a roadhouse on Highway 10 just south of Cooksville that was being completely raided all the time. They had guard dogs, iron bars. The Toronto criminal element seemed to hang out there.

Then we changed our attitudes towards gambling and we had bingo halls, then government-run lotteries. The bingo halls are easy to control. The province benefits by issuing a licence through the local municipality. There is a degree of enjoyment for the ladies in certain communities, and also gentlemen. They don't lose a great deal of money, from what I can see.

As far as lotteries are concerned, there's a beneficial spinoff from the province that was established. The proceeds from the provincial lotteries were dispensed through the local members of Parliament or other different people to local associations and especially in the sporting field, in the cultural areas, the arts. They all benefited from that. I can't really see any problem with that type of gambling.

**Racetracks:** I find nothing wrong with racetrack gambling. I think it's a great evening out for the family, if need be. Friends meet there and have dinner. It's usually a \$2 bet and you don't lose a great deal of money, unless they become addicted to it, and there is a problem there. I haven't seen too many people become extravagantly addicted to racetrack gambling.

I've seen problems in areas where somebody loses their paycheque at the end of the week to gambling and it results in the wife and husband getting into a dispute, the fist comes up and the husband gets jailed and that's the marriage over with. Society has to bear the burden of bringing up these children.

**The Chair:** Ms Harrington, we have one minute.

**Ms Margaret H. Harrington (Niagara Falls):** You mentioned some of the social problems that you see. I want to ask you about the image of Ottawa, whether you feel that this casino idea complements the whole aspect of Ottawa. I grew up fairly close to here in Brockville and my image of Ottawa was of a very unique city with things like the museums and skating on the Rideau Canal and the very many unique attractions of the capital. Do you feel casino gambling would complement this or not?

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**Mr Millar:** No. As far as that particular location is concerned, we're only one block away from Parliament Hill and it's only in the past couple of years that we've had tourist designation in Sparks Street Mall. We went to a great deal of trouble to get that identification because we want to attract the international tourists down there.

That particular location would be better suited for an international fruit bazaar, or even Canada House. The Canada House that was located in Elgin Street last year for the celebration of 125 years was immensely successful. It should be continued as a tourist attraction, as an educational feature for our children in the local schools and during the tourist season for the children who come in from other parts of Canada. I think it's better suited for that than a gambling casino. It would be out of character on that Sparks Street Mall.

**The Chair:** Thank you, Mr Millar, for presenting before the committee this morning.

**Mr Millar:** Thank you, sir.

SPARKS STREET MALL

**The Chair:** Our next presenter this morning is Mr Ken Dale, executive director, Sparks Street Mall, if you would please come forward, sir, and make yourself comfortable. You have 30 minutes within which to make your presentation and field some questions from the committee members. Whenever you're prepared, please proceed.

**Mr Ken Dale:** Good morning, members of the committee. Thank you for giving me the opportunity to

speak here today on casino gaming in Ottawa. My name is Ken Dale. I represent the Sparks Street Mall management board as executive director, which represents several hundred members, be they retail stores, offices, landlords.

Originally, the Sparks Street Mall management board was formed about two years ago, and there were two boards running one street. One was a BIA, much similar to Yorkville or other areas, and that was run by a director who was charged with the promoting of the street. There was another board with levies attached that was charged with the physical plant maintenance of the five blocks as you walk up this street, which is the lighting, the flowers, the street cleaning, the parking and all those issues.

I was brought on board about 20 months ago when they amalgamated the two boards, and at that time another part of my objective, and I believe of the board's, was development of that street. There was \$6 million put into that street in 1988. They've spent \$500,000 a year since 1988, and in only the last two years has that mall begun to turn around.

By the way, I might add the board is made up of one person who is a director of property for the Department of Public Works, which owns most of the north side of the street, the vice-president of property for the National Capital Commission, which owns most of the south side of the street, landlords, a city councillor and concerned business people from that five-block precinct.

It is an important street. It's bounded by Wellington Street and the Parliament buildings to Queen Street, and from Lyon Street outside this hotel up to Elgin Street. It is literally the heart of downtown Ottawa. The historic mall involves several hundred businesses including hotels, small businesses, small retailers, restaurants, legal firms and professional offices. It is Ottawa's most central and vitally important pedestrian-only mall. Each day it serves 120,000 office workers at lunch within five blocks and caters to millions of international and Canadian tourists as a premier destination during the summer.

I might add that in 1987 the building we are speaking of was zoned for the use of a casino by Mr Bruce Firestone of the Ottawa Senators, and it was his wish at that time that the building be utilized as a small, upscale European casino. He was obviously ahead of his time.

I've spent just under two years trying to create an upscale European street and reposition that street from other streets in Ottawa and Toronto. We have accomplished some of that if you walk up the street today and see the outdoor market, the tents, the flowers and what we've tried to do.

This all sounds very wonderful. However, Sparks Street is literally dead after 6 pm at night, 365 days a year. We urgently need a catalyst to bring back a strong



retail mix and improve our retail mix, bring people back after hours and lease up the many empty office spaces. I believe a casino on Sparks Street in Ottawa will help kickstart that revitalization. A casino is not the total solution for Sparks Street, as we all recognize, but it is a building block for us to work from.

I am not naïve enough to believe that a casino of any size will deliver droves of money into everyone's pocket and be the sole saviour of Sparks Street in downtown Ottawa.

Prior to the province announcing Windsor as a site, the city of Windsor and private businesses demonstrated the ambition, will and diligence in developing a concept for a Windsor casino for the province to consider.

I brought together the developer and Carnival Cruise Lines for 14 months to deliver a package that I felt was comfortable, that the city of Ottawa could bear and that the Sparks Street Mall could bear.

Sparks Street Mall has surpassed the original Windsor effort in what we can offer this province with an excellent gaming facility in Ottawa. We have already crossed many hurdles that other areas must still face when choosing a particular site. To date, the following has transpired in Ottawa with respect to a casino being established on Sparks Street in the beautiful old building at 125 Sparks Street known as the old Bank of Nova Scotia building. Many efforts have been tried to create a restaurant out of that building, but you're looking at 300 to 400 seats, so it will not survive as a restaurant; it will not survive as many other things. That's why it's been vacant for five years.

I point out the regional municipality of Ottawa-Carleton has voted in favour of casino gambling in this region. The Sparks Street Mall management board had two votes, the first one being that the executive director aggressively pursue the concept of a casino for Sparks Street and the second one being that the executive director and the board request immediately that the mayor ask the province to have a casino. That vote passed 15 in favour with one dissension.

The city of Ottawa has voted overwhelmingly, 12 to 3, in favour of a casino, not only in Ottawa but more specifically at this 125 Sparks Street site. There was a lot of deliberation, and after that, with the excellent merits of the location, the beneficial impact to Sparks Street and the core area, the strength and success of the developer and Carnival Cruise Lines, a world-class operator, it was obvious to city council that the casino proposed by Sparks Street, Empire and Carnival was exactly the proper fit to what Ottawa needed and could absorb in the entertainment gaming industry here in the region.

I'll say very clearly, why Carnival Cruise Lines? I consider them to be the Walt Disney of gaming. They operate small casinos on their cruise ships which are not

intrusive and add and are an amenity to the cruise and the experience of the trip. They're not the sole means of support for Carnival Cruise Lines. That is the type of operation I believe in for the Sparks Street Mall.

Let's look at what Sparks Street offers the province. We have a historical site dead centre of the downtown core, where according to the casino newsletter it is needed most, a site which can offer excellent parking facilities, valet parking, no vehicle interference and built-in traffic flow of local workers and existing tourists. The Sparks Street site benefits 12 hotels within very easy and safe walking access year-round. We have a five-block firm of office buildings, which creates a natural buffer from any residential impact, thereby mitigating that impact. Sparks Street is a beautifully lit, safe environment which can accommodate the casino and its patrons very easily. There is no new infrastructure required for this casino.

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According to the criteria set out by the province for the Windsor model, the Sparks Street site meets most criteria to a T. It will revitalize and encourage leaseups and retrofits of over 17,000 square feet of unused retail space just on Sparks Street alone. Nowhere else in Ottawa is this needed more. A casino here will encourage leaseups of 125,000 square feet of empty office space along the Sparks Street precinct plus more in surrounding areas.

It could very well help finally kickstart three very important projects that have stagnated on Sparks Street yet are crucial to the mall's success. One is the Canlands B project, which is an assembly of vacant buildings that has never started. The second is the Seltzer project that Mr Millar referred to that has sat empty; it's half a square block, an important block. The last is the completion of block 5: If you walk up the next block by the Radisson Hotel, you'll see it doesn't look like the other four. We ran out of money.

The casino would fill the 25 or more restaurants with people after hours and fill the eight large parking lots which sit empty nights and weekends. Over 75 bus tours are estimated will visit our proud street. We have 100 hotel rooms within walking distance. I hope increased small convention business and businesses meeting like this will help fill those rooms. No other location or site in this region will better serve the hotel industry, the taxi industry and the parking lot industry on a more equitable basis geographically, and that's why city council went with the proposal.

I've submitted to you letters endorsing the Sparks Street casino site from eight or more major core hotels which feel the Sparks Street site is the most beneficial site. Taxis will once again bring passengers here instead of taking them away. As well, I've submitted over 32 letters from independent merchants on three blocks of the Sparks Street Mall. We have about 60-some mer-



chants. These are independent merchants. They feel it will be a catalyst to stimulate their business and for the overall welfare of the street.

Sparks Street is the highest-taxed street in the province next to Yonge and Bloor Street, yet the traffic at night and during the winter just doesn't justify the cost of doing business. With that I agree with Mr Millar. A casino here just might bring this inequity in line.

The Sparks Street casino group has done its homework. The building plans for an excellent upscale casino layout within the restored bank have been approved, as well as site usage and zoning. The necessary parking has been researched. The Ottawa police chief has stated publicly he's comfortable with casino gaming in Ottawa, and our group has met with various police agencies and social agencies to seek their concerns. I've asked one to come and speak to you this afternoon. We want their suggestions and advice on what they feel is best for the city.

Regarding the scope and the size of a gaming facility here in Ottawa, I wish to make the following comments.

Windsor calls for a massive facility which is intended to ensure that vast amounts of people and money come in and become a focal point for Windsor. This is an admirable yet complex and somewhat risky undertaking for a first-time facility on the part of both the province and the city of Windsor. At 75,000 square feet, combined with hotel land assembly, infrastructures and changes required around the site area, it poses a great deal of scrutiny and adjustment. Yet if it serves the objectives of Windsor, then I wish them success.

I believe that the Ottawa public will demonstrate, however, and more specifically the city of Ottawa politicians, the business sector downtown and the tourism sector, that they want a smaller, more manageable and less intrusive facility which adds to the other entertainment facilities in Ottawa rather than overwhelms them. By that I mean the museums we have, the Parliament buildings and other areas. I believe the Sparks Street Mall shares this.

We are already tourism-driven. It's our second-largest employer next to the federal government, and that industry is shrinking.

We don't require a massive casino for it to be successful, nor for it to be a standalone attraction or a destination site. It is for this reason that after all the debate, the city councillors felt this is the ideal location and model which could best serve Ottawa's needs and the province's goals as well: maximum gain, minimum risk and problems.

Though it may be smaller in size, according to the Coopers and Lybrand suggestion of 60,000 square feet, I believe the Coopers study only reflected what was required by the province to meet financial revenue goals and was not based on what goals the citizens and

business sector of Ottawa wanted to accommodate and achieve. I'm glad you're here today to find out what we want.

The Sparks Street Mall has a well-researched model. I ask this committee to seriously consider asking the province to look at the merits of our proposal as soon as possible in order to give us feedback on an initiative which is quite different yet no less appealing by all measures than the Windsor initiative.

With the potential threat of a casino very soon across the river in Hull, Quebec, which already hurts Ottawa after-hours business with 3 am bar closures, and print ads currently running, which I've given you, and Montreal offering bus tours from here to Montreal in the fall, we all must continue to move forward to explore the Sparks Street model with cautious diligence and a sense of urgency as well.

You have before you an excellent proposal, which has been embraced by the city of Ottawa and the downtown business sector, which can be realistically up and operating within five months after the province grants this city a licence and after your concerns have been met. Not only do I encourage you to present our Sparks Street plan, I'd like you to take some time to walk up the mall either with myself or her worship, the mayor, and take a firsthand look at what we're dealing with.

I might point out quickly, in closing, the following opinions on gaming. I've been involved in this for 14 months, since I originally read about the developer's proposal in Windsor.

Regarding addiction, I firmly believe that casting blame on a casino facility for creating gaming addiction is akin to blaming the LCBO or Brewers Retail for creating the alcoholic. I don't drink. I do gamble. In fact, the LCBOs were kept open last Friday as an essential service. Let's not start drawing lines now, under legislation, of human behaviour or conduct.

Regarding the horse racing industry that will speak today, I do empathize with its concerns over new competition for the entertainment gaming dollar and I'm sure it will be protected by this government. Yet, if we were to eliminate casinos in this entertainment industry, then let's ban VCRs to save the movie houses in this province.

I haven't pursued this initiative for 14 months on a wide-eyed basis. I've done diligence on both the upside and the underbelly of what impact a casino, specifically on Sparks Street, would have. I don't wish to create problems on such an important street under my charge, and on a parochial level share similar concerns that you may have. I believe that with moderation, effective regulation and enforcement by all parties involved, we can create a beneficial opportunity for all.

I'd be certainly glad to answer any of your questions. Thank you for allowing me to speak, Mr Chair.



**The Chair:** Thank you very much for your presentation. We have about four minutes per caucus. We'll start with Mr Sterling.

**Mr Sterling:** Do you think there should be a referendum of people in Ottawa as to whether or not they want a casino?

**Mr Dale:** Mr Sterling, this has been bandied about in the press now for about nine months in front-page news. We have been at the forefront of this and Sparks Street has been at the forefront of the initiative. I suggest that I'm the lightning-rod for any complaints that I would receive. I have not, to date, receive one phone call either from a merchant or from the public. I have not received one letter from the public in the last nine or ten months regarding this issue. I am surprised by that fact. However, I must construe that the lack of feedback from the public or merchants either constitutes apathy or acceptance, because it is my experience that normally I hear from the negatives on my street regarding problems; I never hear the positives.

**Mr Sterling:** You haven't answered my question: Should the people have an opportunity to say we have a casino or not?

**Mr Dale:** I don't believe so.

**Mr Sterling:** So you would deny the public the opportunity to say yes or not to a casino in Ottawa?

**Mr Dale:** I believe the elected representatives of my board and of the city and of the region have made that decision on behalf of their constituents.

**Mr Sterling:** Thank you. The next question I have is, do you not think that a tendering process or the ability of other proponents should be made, I guess in a good business sense, in order to make it a fair process so that people will have the opportunity to gain the profits and revenues out of this endeavour? Should there be a tendering process?

**Mr Dale:** Originally, there were three or four sites that were jockeying for this same situation. They were working hard at it in the Ottawa area, and after the province made its announcement they fell by the wayside. We continued working on this because we believe in our proposal. The other proponents who came forward with sites in Ottawa have disbanded and fallen by the wayside.

**Mr Sterling:** But there was no open tendering process by the city of Ottawa or the province of Ontario. My view is, should it not be that when a monopoly is given, there should be some kind of equal access to that monopoly by people who might put forward better proposals than Carnival in terms of not only how they can operate but also perhaps alternative sites?

1020

**Mr Dale:** I do. I believe the council looked very seriously at this and was comfortable with it or it

wouldn't have voted so strongly in favour of the complete model that was presented to it.

**Mr Sterling:** So you're not in favour of an open tendering process for this?

**Mr Dale:** Not based on what I've seen and my comfort with the model.

**Mr Sterling:** The bingo halls in Ottawa-Carleton are now earning \$20 million for charities. If those charities should suffer some loss as a result of the opening of a casino, do you think the casino should reimburse those charities for that loss?

**Mr Dale:** I've looked at the tax base issue that goes in from property tax, from business taxes generated. I do believe that there should be some mechanism in here, either on a municipal level—I would hope on a provincial level, but if not, on a municipal level that would allow us to take care of any of the problems that will arise from this casino.

Regarding charity gaming, I have studied that as well in the Ottawa market. They are not making money, the charities, at this point. I have researched several. I have rented space to one gaming charity and they have not made money. I do not believe that charity gaming is working. Secondly, on that point, the person who goes in and games at a charity casino is somewhat different from the model that we're proposing here.

**Mr Sterling:** But the bingos do earn \$20 million in Ottawa-Carleton, according to the Ministry of Consumer and Commercial Relations of this province.

**Mr Dale:** Yes.

**Mr Sterling:** And you will be cutting into their area, presumably, in terms of an alternative gaming opportunity.

**Mr Dale:** From what I've researched, I don't believe that the demography of a bingo player is similar to that of a blackjack player or a horse player or a person who buys lottery tickets.

**Mr Sterling:** Do you think a casino would hurt the Rideau Carleton Raceway?

**Mr Dale:** No, I don't. They are already expanding into off-track betting right now around Brockville and other areas.

**Mr Wayne Lessard (Windsor-Walkerville):** Mr Dale, the more I hear about this project, the more questions I have about it. Unfortunately, my time is limited. However, I understand the nature of the initiative you were talking about, an upscale European-style casino, and it's in a very small area. Therefore, you're going to have to try and make sure that the crowds you attract aren't bigger than what you can accommodate. Something that was brought up yesterday was the possibility of having a membership to gain entry. You didn't mention anything about that. I wonder if you could tell us anything about that or whether that's an

idea that's part of this proposal.

**Mr Dale:** I don't believe we should exclude people from the opportunity to game. What I personally like about the membership is that it allows you to do diligence on a person. It will stop somebody from walking in the mall and, I'd hope, losing their paycheque, but I don't want it to be discriminatory or stop people from gaming. It comes into marketing.

I also believe that with the tourists. It was brought up yesterday: What happens if I'm staying at this hotel and I want to go in and I'm not a member? I'm sure that can be arranged. Obviously, a tourist coming into this city who wants to game, he or she is here to spend money, whether it be visiting a show or a theatre or going gaming. They are here with the intent of spending money on holidays and I would certainly hope that they are accommodated and not excluded. But that would be part of a merchandising or a marketing plan presented by the operator.

**Mr Lessard:** You're talking about attracting bus tours here and you're obviously interested in trying to maximize the amount of business that you can do in the casino. It looks to me as though the space you have available is very restricted and that's one of the concerns that I have. I know my friend Mr Dadamo has a question, so I think I'll just let him pursue his area.

**Mr George Dadamo (Windsor-Sandwich):** Mr Dale, thank you. I've had a chance, since yesterday, to take three walks down the Sparks Street Mall—

**Mr Dale:** Three walks?

**Mr Dadamo:** Yes, sir. Three walks, as I do when I go to most cities. The most recent was at 7:30 this morning and I stayed to about 9 o'clock. I want to talk about the clientele or the demographics that you serve in the area: government employees, obviously, the bulk of them. I had a chance to witness the scurrying out of buildings at about 5 o'clock last night. Now, once they go, the obvious reason for your closing at 5:30 or 5 o'clock is that reason alone. I suspect that you wouldn't be in business if it wasn't for the government employees who surround you in the downtown area. That's obvious, and it doesn't take a scholar.

If someone is sitting down and proposing a business plan for opening a business in that immediate area, what are the demographics? Who you going to serve?

**Mr Dale:** That's a very good point. You said 5 o'clock. I did studies and last year it was 4 o'clock, so we're getting better. The peak ridership out of that town is 69,000 people from 3:15 to 4:15 in the afternoon on the Transit Way right on the next street over.

Regarding the demographics, the average salary on that street is \$69,000. The people who are down there are all gainfully employed. You're dealing with an upscale market already. Unfortunately, because of the economic climate, I personally believe that we've got a

downscale retail mix with an upscale audience, and I have to somehow bring that in line. Regarding the size as well, the throughput of that casino operator, I believe in the afternoons we have people I see wandering around there and they have the type of job, I believe, that affords them the luxury of not going back to work and gambling at whatever hours they so choose.

The evening, I believe, would be a different demographic crowd. We've got Privy Council on the street, the Senate, we've got a lot of federal people—it's a very upscale street—the diplomatic corps. I want to cater to that street and bring it up to their level of expectations. That's why a massive structure, I don't believe, regardless of the crowds you want to serve—I don't want a giant, mass-merchandise K mart type of thing.

**Mr Monte Kwinter (Wilson Heights):** I haven't got enough time to ask all the questions I want to ask, but I do have a concern that I sort of detect from the newspaper article that you distributed and just the general tone of what I've heard. There seems to be a feeling that, "The deal is done; all we're looking for is the province to approve it." They've picked the operator; they've picked the site; they've done everything; they've decided what the format is going to be and all they're looking for from the province is to say, "Just give us the approval to run it."

If we take a look at the Windsor model, what has happened is that the province set the criteria for what the casino was to be, the city has assembled the land and is in the process of expropriating it, and the proponent is going to have to either buy or lease the land, make sure that the city gets a relatively fair return and then they're going to have to build it and it will then have a provision whereby the province will ultimately own it, with the proponent being the operator.

All of that has seemed to be totally bypassed, and the city of Ottawa has endorsed a proposal that's had, from what I can understand, no provincial input at all, just: "This is what we want. This is what we'll do. Just give us the okay to do it." I have the same concerns that Mr Sterling has. I think if that were to happen, it would be challenged immediately in the courts: What right does anyone have to take what will be a monopoly and just arbitrarily award it to somebody? I just would like to get your reaction to why you feel that, given the fact that the province hasn't even indicated that there's going to be a casino in Ottawa. According to the government, it is looking at Windsor only and it's going to do a test proposal to see how it works and then it will make a determination of whether it is going to expand it.

What happens if they use the same procedure that they've used in Windsor and decide that Sparks Street is not the place that it should be and that the cruise line is not the operator? What do you do then?



**Mr Dale:** Obviously, then we go to the public process that you're suggesting. There's something important to recognize here. The Ottawa Congress Centre was bandied about; Lansdowne park was bandied about; the Palladium that is not built yet was bandied about prior to this; this was not just slid through anyone here.

I firmly believe that what Windsor is doing is probably required by the city of Windsor. They need that size of project. One reason I am anxious for this proposal and this model is that I believe that this size and type of casino fits in with the fabric of Ottawa. If you wanted to build a similar-type program, with a hotel or without a hotel, of 75 acres or whatever's revolving on that, I can't commit that the citizens of Ottawa will buy into that. I don't believe they will, I don't think the city of Ottawa believes they will and I would actually be against that size of a casino in Ottawa. I just think it's too massive. The people who make the decisions in this region and this city have at least proactively gone forward and said: "We understand what the province wants. Let's look at what Ottawa can live with and then let's take that to the province and let's discuss it."

Regarding regulation, that is the plumbing that has not been worked out. I would not even begin to tell you that we have worked out the regulation, the security. We have worked closely with Carnival Cruise Lines, its security program and its people to find out and understand what is required so that we are knowledgeable when we work with the province regarding the plumbing of this casino project. That is something that has not been discussed, that has not been considered. That we defer to the province: the regulation, the management and the operation of it.

**The Chair:** Thank you, Mr Dale, for presenting before the committee this morning.

1030

#### CITY OF OTTAWA

**The Chair:** Our next presenter is Mayor Jacqueline Holzman. Would you please come forward, Mayor. Please make yourself comfortable. Would the individual assisting you be so kind as to identify himself for the purposes of the committee and Hansard.

**Mr Leonard Potechin:** My name is Len Potechin and I was the chairman of the casino committee that the mayor appointed for a report.

**The Chair:** Thank you very much. You have 30 minutes within which to make your presentation and field some questions from the committee members. Whenever you're ready, please proceed.

**Ms Jacquelin Holzman:** Thank you and welcome. Bienvenue. It's a pleasure to be appearing before the members of the standing committee on finance and economic affairs today. I want to tell you why Ottawa, Canada's capital city, should be the location for a

casino. I will not discuss the morality of gambling, as I presume and I assume the government of Ontario took this into consideration prior to announcing that there would be casinos in Ontario.

I know that the province has made the decision—and I overheard a few of your questions to the last presenter—that it's going to go with one pilot project. I know it's supposed to be in Windsor. I know that governments frequently come up with other options and governments frequently change their minds. In the event that there is going to be a second or other pilot projects in the province, or in the event that you're looking at other models for casinos, I'm here to tell you why Ottawa would be a good location.

I do this based on a motion that was passed by Ottawa city council on June 16, 1993. We passed a motion that recommended that "the province of Ontario designate the city of Ottawa as a site for a casino and further that the city of Ottawa endorse and support the development by Empire Developments and the operation by Carnival Cruise Lines Inc of a casino at 125 Sparks Street." This decision followed upon the receipt of a report in May 1993 from a task force on casinos that I requested the Ottawa-Carleton Board of Trade to establish. Mr Len Potechin, among other people, was on the committee. Mr Potechin chaired the task force and is here as well to discuss this with you.

The location we had endorsed was mentioned a number of years earlier by Mr Bruce Firestone, who was successful in bringing the Senators to Ottawa. Many, many years ago, he had recommended that that empty bank, a heritage building, on Sparks Street would be a good site for, of all things, a casino. That was long before the province had even indicated any interest in casinos. So it wasn't a new idea.

We had a task force, as I mentioned. Mr Potechin chaired the task force. The task force addressed concerns such as gambling addiction, other gambling activities, style and operation. I have a copy if you don't have a copy.

I will tell you all about the economic impacts this will have on the city and the benefits to the area that we have selected.

A casino would have a positive economic impact on Ottawa. It is estimated that there would be over 200 people to gain direct employment from this venture and 1,400 people in indirect spinoff employment. Consultants have also estimated the following:

—The leasing of new and old retail space, including 17,000 square feet of unused retail space currently on the Market and Sparks Street; in excess of \$18 million in local construction business.

—We estimate the leasing of over 125,000 square feet of office space currently available in the Sparks Street precinct.

—Over 75 bus tours daily are expected from northern New York, eastern Ontario and western Quebec. Like Windsor, we also are a border city.

—Increased occupancy of the 3,800 hotel rooms in the downtown core. We believe that's certainly feasible.

—An increase in small business group conventions in downtown hotels, reducing the stress on the already burdened congress centre.

—Increased business for downtown restaurants and retail outlets.

—Parking lot revenue from the 3,000 spaces which are currently empty during evening hours.

—Increased revenue for the taxi industry.

—We believe this would expedite the building of Highway 416, as well as encouraging better air links for Ottawa, which we desperately need.

The benefits to the business corridor from Wellington Street south to the Laurier Street area and from Elgin Street west to Lyon Street cannot be understated. This is an excellent opportunity to revitalize our downtown core.

The existence of a casino would complement the other hospitality and tourism businesses within this area. The empty parking lots would be utilized at night. The casino would be an additional entertainment activity for tourists, as well as an additional drawing card for the Sparks Street Mall businesses. The conference facilities at the Ottawa Congress Centre and the various hotels in the downtown core would similarly benefit from the gaming facility. A casino downtown would certainly add to the overall mix of attractions that a tourist would find in the city of Ottawa and would quite possibly cause him to lengthen his stay in our city.

Although we are considered to be a government town, in fact the hospitality industry is our largest private sector business, employing around 30,000 people. So apart from stimulating the tourism and convention industry, there is no doubt that a casino would generate jobs.

The Sparks Street proposal requires renovation at a minimum of \$1.4 million to bring it to the building standards required by Public Works Canada. In addition to completing the base building, the casino facility must also be installed at a cost of approximately \$6 million. There would also be jobs that would be created from the operation of the casino and the general maintenance and repair of the building. As I mentioned, it's a former bank building and it has been given heritage status. The city of Ottawa already had approved the renovations and restorations to heritage standards for the exterior of the building and to the interior of the building, so it's ready to go. Of course, having it in that type of building, a heritage bank setting, certainly enhances the high quality of the proposed casino.

I believe you have received a copy of the presentation

that the casino operators have given to the city of Ottawa. If not, I'll leave you a copy of it. They're talking about the site, the operation, the impact on the neighbourhood, the economic impact, the participation of the city of Ottawa, and they conclude that 125 Sparks Street would be a different kind of casino than what has already been approved for Windsor.

I welcome and encourage the initiative of Carnival Cruise Lines and Empire Developments. The city of Ottawa hopes that the province will immediately see the wisdom of exploring our unique model, because we are a different community from Windsor: We are a different market; we'll attract different players; we have different needs; we have different problems. We have designed, and the city of Ottawa has supported, a casino that is unique and tailor-made for our city, and we can talk about why that is if you have any questions.

I know there are perceptions as well as possible problems that come from a casino. I've given to you a copy of a newspaper article where our new police chief has indicated that "Ottawa police would not stand in the way of the city being awarded a government-run casino"; "Casino Bid OK With Top Cop." But as soon as a casino project or a pilot project was awarded to the city of Ottawa, I would immediately establish a task force to advise council on the perceived and potential problems related to such things as criminal activity, gambling addiction, traffic congestion etc.

Again, thank you for listening to my presentation. Mr Potechin will speak if you have some questions about the task force work. The task force did not deal with the site. The site came as a result of the input from the task force and others and city council deliberations.

I thank you and I welcome questions.

1040

**The Chair:** Thank you very much. We have about six minutes per caucus. Mr Duignan.

**Mr Noel Duignan (Halton North):** Thank you very much and welcome to the committee this morning in making a presentation to the committee.

The city of Ottawa, along with the city of Sault Ste Marie and I suspect the city of Niagara and a couple of dozen other cities and municipalities in the province, is looking to operate a casino. As you are well aware, the policy of the government at this time is that there will be only one casino, located in the Windsor area, and there will be no further expansion of that until such time as the evaluation of that project is complete.

Given the fact that under the Criminal Code, the operation and the conduct of business can only be done by the province or by the law of the province, which under Bill 8 gives that to the Ontario Casino Corp, and given the fact that a number of members on both sides here have raised the concern about this proposal for the Sparks Street Mall, the proponent aspect of it etc, that



there's been no open tendering process on this particular site, on pure speculation on my part here right now, I would suspect that if any decision is made to expand casinos in the province, I think one of the requirements would be to have an open tender process for a site in the various locations. I was wondering, have you some comment on that in relation to the presentations made here today and, yes, in relation to the one proponent on one site here in Ottawa?

**Ms Holzman:** Personally, if your tender was as broad as what was approved for Windsor, I don't think we'd support that because we don't want that size, that magnitude, that type of casino in the city of Ottawa. We wanted to show you that Ottawa being the capital city, and with a location a block away from the Parliament buildings, this is a different project. It's not like Windsor at all. We wanted to show you that there are other models, and if you wanted to design a tender process that would be as wide open as the kind of project that you're speaking about in Windsor, it probably would not be the kind of casino that we would like for Ottawa.

We are talking about a Monte Carlo style, we're talking about an upscale type of casino, and with all things being considered, we like the downtown area; we like the area a block away from the Parliament Buildings. But if the province decided in its wisdom to offer the opportunity for a public tendering process on a second pilot project, we would read what the criteria were, and the city may or may not support it. I can't tell you. I can only tell you that we wanted to show you what Ottawa has to offer.

**Mr Duignan:** And I appreciate your comments. I understand some of my colleagues had some questions.

**Mr Sutherland:** I have just a couple of questions on that, your worship. The proposal seems to be for a small, upscale casino, yet we heard Mr Dale say they're looking at 75 bus tours. With all due respect, I don't think a lot of the upscale people travel by bus. In the type of bus tours that go to other casinos that we're aware of, certainly with the information we're made aware of with the bus tours that go to Sault, Michigan, and that type of thing, it's a lot of retired people on bus trips. It's a lot of people coming for weekend trips.

I guess the other question is, though, why wouldn't you want a larger one? If you're saying you want the jobs, the benefits, the expanded tourism, why wouldn't you want to maximize that as a city and go for a larger one as the Coopers and Lybrand study has suggested, a 60,000-square-foot facility which would maximize more jobs and more economic activity in your community?

**Ms Holzman:** More doesn't necessarily mean better. We're talking about quality as opposed to quantity. Bigger also doesn't mean better. But bus tours are something that we strive to get in this city. People do travel by bus, and we encourage people from all walks

of life to come to Ottawa by bus. Each bus that comes into Ottawa leaves at least \$7,000 a day, so we encourage buses and we don't in any way minimize or denigrate the people who travel by bus. This is a thriving industry. The people who come to Ottawa come here because it's a capital city. We're not talking about people who go to Sault city, Michigan, or whatever it may be. Don't denigrate bus tours.

**Mr Sutherland:** I'm not denigrating the people who go on bus tours, but just in terms—if you're looking at the market, people travel by bus because it's a cheaper way versus maybe travelling by air or other forms.

**Ms Holzman:** I can tell you that the National Arts Centre, the University of Ottawa—my sister has organized for 15 years bus tours of very upscale, mobile, professional people, and they go because they like the camaraderie on the bus, they like the fact that they are travelling together. In no way am I going to speak negatively about bus tours. However, bigger doesn't necessarily mean better. We're talking quality; this is a quality facility.

**The Chair:** Mr Lessard, you have about a minute.

**Mr Lessard:** Very briefly, along the same lines, how do you ensure that you get that quality?

**Ms Holzman:** It's up to the operator. It's up to the style and the kinds of reputation the operator has. It's up to the controls that the city would put on it. It's up to the controls the province would put on it. You have no ability to ensure that, for example, Windsor will have any particular style, any particular quality, either. If you're going to put controls on to ensure quality, those will be the controls that any operator will have to handle.

**The Chair:** Mr McClelland.

**Mr Carman McClelland (Brampton North):** Mr Phillips first, if that's all right.

**Mr Phillips:** I appreciate, your worship, the presentation. I guess you've probably had a chance to review the Coopers and Lybrand report. It paints quite an interesting picture of the future in the casino business, like this is going to be money pouring out that we've never seen before. In fact, I think their thought for Ottawa is a casino that would have 4,000 direct jobs and another 2,500 indirect jobs. I think the province would plan to get about \$150 million a year in tax revenue out of it. It's like a money machine. I would have thought that would have a fair bit of benefit to the Ottawa area as well. Has your group had a chance to review the Coopers report?

**Ms Holzman:** The group has reviewed the Coopers report. I personally am not au courant with everything in it. However, I can tell you that the province may be looking at this as a money machine, but the city of Ottawa is not, particularly. We're looking at this as another one of the attractions that we will promote

when we promote the capital city of Canada. We promote the Parliament buildings, we promote all of the galleries, all of the festivals, all of the activities that we have here. We will promote that in the same upscale, high quality that we promote everything else.

We're not looking at this as a cash cow. We're looking at this as just another attraction that makes the city of Ottawa something that people would like to visit. People in Ottawa would like to take part in it; it's really fun. I have no problem with it, I think it's fun. I wonder, though, Mr Potechin, if you had anything you wanted to add to this.

**Mr Potechin:** Not really. I think you've done very well.

**Mr Phillips:** There you are.

**Mr McClelland:** Your worship, I wanted to set aside the issue of site selection for a moment. I understand very clearly, from what we've heard, that hypothetically, should you have a casino, there's been a preference, if not a predetermination, both with respect to site and operator. Setting aside site, I think that's a different set of arguments and a different rationale; I can understand fairly readily how there would be a tendency to focus towards a particular location. The issue of operator, though, I find somewhat more curious in the sense of narrowing the funnel, if you will, almost right upfront, prior to having a specific determination as far as the method of operation and some of the details ironed out.

I guess one of the things I'd be interested in knowing is, did you look at a number of operators? If you did, how many did you look at and what kind of criteria did you give them to measure one against the other? To what extent was there a competitive aspect of your determination? Understanding the fact that you're speaking in hypothetical terms, focusing it that narrowly that quickly causes me, I guess if nothing else, curiosity, and I'm wondering how you arrived at that point at this early juncture.

1050

**Ms Holzman:** When the whole issue of casinos began to arrive and arise, there were a lot of people who had locations that they thought would be suitable for casinos. That's when I appointed the task force to look at the type of casino that would be interesting.

**Mr McClelland:** I understand the location aspect.

**Ms Holzman:** Okay. So we looked at the type, but we decided we didn't want to look at hypothetical cases, because this is not a hypothetical city; this is a city that plans with the facts it has available. We felt we could offer a pilot project that would be in operation in its permanent location far faster than anybody else in the province.

**Mr McClelland:** How did you determine the operator, though?

**Ms Holzman:** This was a group that came forward because of the location. We researched, we looked at them and we did what we had to do, and we decided that for that site and that style of casino at this time, this was the group that should do it, it was a package, sort of like design-build. It was a package. It was a program with a site etc etc. We looked at it and we did not have an open tender call, because we wanted to deal with specifics and to show you that, if you want a cash cow and if you think it's a cash cow, we could get you the money flowing far faster than anybody else.

**Mr McClelland:** I just want to be clear. There was only one operator considered.

**Ms Holzman:** For this particular site, my understanding of the information I have is that when we looked at them all, it was Empire Developments and Carnival Cruise Lines, and that's the proposal that came to the city of Ottawa. We looked at this proposal, we liked the proposal and we supported the proposal.

**Mr Kwinter:** I have photographs of the proposed site and I have to admit it's very elegant and the building itself will set the tone of the casino. I was just commenting to some of my colleagues; we visited Sault Ste Marie, Michigan, to see its casino and I was joking that it would be interesting to see that clientele in this building.

But the point I would like to make is that given the relatively limited size, if it's a quarter of the size of the Windsor casino we're looking at 18,750 square feet, which in itself is going to be self-limiting; it's only going to be able to accommodate a certain number of people. In order not to turn off the people I think you're trying to target, you're really going to have to have some kind of control. If it is perceived that it is a casino and you start getting the bus tours or the kinds of people you may feel are not in keeping with the tone of what the operator wants to have—I also want to refer to the fact that by choosing a cruise line, the people who go on cruises, just by the very nature that they're on the cruise, are a limiting economic factor; you don't get people walking off the street going on a cruise. They run casinos because they have a captive audience who have got nowhere to go and they've got to keep them entertained. How do you deal with that? In your study, your task force looked at how you are going to deal with making sure you get the volume but also making sure that the kind of casino you want to run is the kind of casino you're going to get.

**Ms Holzman:** I don't intend to run a casino; the operator will run the casino. The operator, Empire Developments and Carnival Cruise Lines, will run the casino. They'll take the risk, and if they don't think there's a bit of money that they can make on this, they won't enter into this. They have obviously analysed the numbers.

But it doesn't necessarily follow that a bigger restaur-



ant is going to be more successful than a smaller, intimate restaurant or that a large department store is going to be any more successful than a small boutique. Large, big, doesn't mean better, it doesn't mean quality. I can't even argue the value of small over large if you don't understand that large doesn't necessarily mean bigger and better.

People have a choice and people will choose to come to the casino or they won't choose. People who are organizing bus tours usually book their tours into places in advance; you don't arrive with a bus of 50 people and say, "Here we are; now serve us dinner." I know, because I have relatives who've organized tours. You make your arrangements in advance and the operator of the casino or the restaurant or the museum or the gallery books the tours in, just like they do in hotel rooms. These things are very well planned.

So the tours will be booked in advance. Large doesn't necessarily mean better. Choice is there. People who don't want to come on a bus tour that's coming to this casino will go to Windsor.

As far as this site and proposals for this site are concerned this was the proposal, as I say, for 125 Sparks Street that we dealt with. There were other sites and other operators or people who wanted to come forward and provide casino services. But the city of Ottawa, for all sorts of reasons, chose this upscale, Monte Carlo-style smaller casino right in the centre of the downtown core.

**Mr Sterling:** Thank you very much, Mayor Holzman and Mr Potechin, for coming to us today. We appreciate your appearing in front of the committee.

I asked Mr Dale a number of questions, and I guess one of the serious questions that I have is that in the last municipal election and indeed in the last provincial election casinos were not even a question of debate. Therefore, we've had this thrust upon us at the provincial level and now at the municipal level without the electorate having an opportunity to elect politicians who stood one way or the other on this particular issue. Having said that, do you not think it's fairer to the people of Ottawa to have this placed on the next municipal ballot about whether or not they want casinos?

**Ms Holzman:** I've always assumed that part of assuming an elected position was using your best judgement to make decisions on behalf of the city that I am elected to represent and, as well, each member of council. You can consult as much as you want, but in the end we must make our own decisions.

I don't recall on the last provincial election that there was anything on the ballot about social contracts. I don't recall the Palladium being on any ballot. I don't recall air links to the United States. These issues are the ones for which you elect people who you presume and

assume are going to have the judgement to make those decisions. There was nothing on the provincial ballot about casinos, yet the provincial government decided that there would be casinos in Ontario.

A lot of people don't want casinos in Ontario, but if there's going to be a casino in Ontario, I'm here to fight for the city of Ottawa to have that opportunity as well. I don't necessarily believe everything has to be on the ballot. Mr Potechin, from your task force, you went into this as well.

**Mr Potechin:** We had two different task forces. The first task force was made up of a number of people who wanted a casino on their sites. At that point, I recommended to the mayor that task force be disbanded and a second one be constituted. The second task force included some leading people of the community, and I think that Jean Pigott is a good example of a leading person. I think the Honourable Lloyd Francis, former Speaker of the House, is a leading citizen of our community.

We discussed the possibility: Should we have a casino or should we not have a casino? We agreed that a casino should be located in the city of Ottawa. We did not address sites because we didn't want to get into a controversy.

But I did hear your previous questions to Mr Dale. We did address the charities and we found that it wouldn't interfere with bingos because we recommended that bingos not be included, and I know that the province agreed with that type of recommendation. A lot of the things you were questioning him about we did address, and I thought it should be mentioned at this point that that was looked into.

**Mr Sterling:** Notwithstanding the reluctance to hold the referendum, I don't approve that politicians take stands. I think that part of the new way of governing is to go to the people on issues which they can understand, like casinos, and ask them their opinion and abide by their opinion. Therefore, I don't think because this provincial government has failed to follow the mandate under which it was elected is a valid defence.

The second question: The province has clearly said it's not going to grant a casino to Ottawa now. Part of the credibility gap, I believe, that is coming from the Ottawa proposal is that there wasn't a publicly tendered process that was undertaken. In other words, there weren't, to my knowledge, advertisements in the papers saying: "Ottawa is considering supporting a proposal for a casino. Please come forward with proposals. Here is the outline" of whatever, whatever.

**1100**

Would it not seem at this time, Mayor Holzman, in order to add credibility to your bid for a casino, if in fact you have made that decision and the province makes that decision some time in the future, that you go

back now and say, "Yes, we have supported this one proposal, but we are now willing to look at alternatives in a very much more open and democratic way"? Would that not make more sense in terms of putting you further up in the line in the future?

**Ms Holzman:** If the province decides there's going to be a second pilot project and comes up with some criteria, some parameters, we'll follow the rules. There's no point wasting anybody else's time on this in this municipality if the decision on one pilot project in Windsor is the decision. We're here to ask you for a second pilot project, and then you lay down the rules.

But I'd like to address for a moment that there's no reluctance to put questions on the ballot or reluctance to have a referendum. In fact the city of Ottawa did have a question on the ballot a few elections ago, and I hope the province will look favourably upon that when you get back in the fall and you're dealing with the reorganization of the region. We did have a question on the ballot in the city of Ottawa a couple of elections ago. There was a question there asking the citizens of the city of Ottawa, do they want us to work towards one level of government, and 85% of the people who voted said yes. I hope you'll bear that in mind, because that was a question on the ballot.

**Mr Sterling:** In the city of Ottawa.

**Ms Holzman:** In the city of Ottawa. Let the others do it as well.

**The Chair:** Thank you very much, Mayor Holzman and Mr Potechin, for presenting before the committee this morning.

HOSPITALITY AND SERVICE TRADES UNION,  
LOCAL 261

**The Chair:** Our next presenter this morning is John Robert Kearney, vice-president, representing the Hospitality and Service Trades Union, Local 261. Welcome to the committee. Please make yourself comfortable. You have 30 minutes within which to make your presentation and field some questions from the committee members. Whenever you're ready to proceed, please go ahead.

**Mr John Robert Kearney:** Great. Thank you. The Hospitality and Service Trades Union, Local 261, is pleased to have this opportunity to present our views on Bill 8, the Ontario Casino Corporation Act.

Our local has represented workers in the hospitality and service sectors for over 35 years in Ottawa and we know first hand the detrimental effects that GST and the recession have had on our industry and the people who work in our community. Service workers and their families were among the first to feel the impact of the recession and will likely be the last to recover from it. Bill 8 offers these workers new opportunities for employment and an industry facing an uncertain future with a chance at rebirth.

We fully support the government's willingness to be innovative and progressive in its approach to solving the economic problems facing all Ontario residents. The key to continued prosperity and economic growth in the next decade is simply, we believe, joint venture, not in the corporate sense of the word but rather in the combining of efforts at all levels of government, business, labour and various community groups to plan and mould our economic future. Casino gambling we believe represents the kind of cooperative ventures Ontario communities will need to involve themselves in if we hope to remain at the forefront economically and socially.

Why Bill 8 is not a gamble for Ontario communities: The contributions casino gambling can make to provincial coffers are substantial. Manitoba has enjoyed the benefits of its casino jackpots to the tune of some \$10 million to \$12 million per year. Provincial authorities in Montreal estimate \$50 million a year in revenues alone from operation of the casino on île Notre-Dame. Tourist spinoffs from the casino are estimated at about \$54 million. A similar windfall for Ontario communities will represent rebirth for the service industry and employment for service sector workers, not to mention workers in other sectors like retail and construction.

We can say with confidence that if a casino were located in our nation's capital, it would provide our members with greater employment year-round. The addition of casino entertainment would provide the much-needed boost to our city's downtown core and tie in nicely with Ottawa's seasonal family attractions like Winterlude and Festival of Spring etc. A casino attraction in our community would help Ottawa build more convention trade and expand our existing bus tour business. The economic spinoffs from the increase in tourism trade alone would represent a significant gain for Ottawa in terms of employment and revenues.

We believe other communities in Ontario also have the possibility of sharing in similar economic benefits from casino gambling and we are not aware, given the approach proposed by Bill 8, of any detrimental economic consequence for Ontario residents from the introduction of casino gambling.

The government's approach to the introduction and implementation of casino gambling is in keeping with the philosophy of working together to build a better future. The cooperative response and campaign which emerged out of Windsor is the best illustration of just that philosophy. Cooperation and participation from all areas of the community, from various levels of government, business and labour all came together to fight for this economic opportunity. The alliances built as a result of those efforts and the success they have found in their joint venture will act as a foundation for future joint ventures, social as well as economic.

We can speak personally of the benefits of such cooperative experience. In our preliminary discussions



with Ottawa community groups, business and labour about the benefits of a casino in our community, there was an unexpected eagerness on the part of all we approached to cooperatively pursue such an attractive economic opportunity. The benefits of cooperative experience are not easily measured, but the future potential gains are apparent.

The odds against: The gambling industry has been labelled a bad risk for Ontario communities by those who claim it attracts crime and will lead to addiction and immoral lifestyles. We disagree.

We are affiliated with the Hotel Employees and Restaurant Employees International Union, which represents workers across North America who work in casinos or in cities where there are casinos. Over the 100 years they have served workers in this industry, they have seen the emergence of casino gambling and its growth from Las Vegas to the Yukon. Throughout this period, our experience has been that gambling is the fastest-growing form of family entertainment in North America.

With this experience and firsthand knowledge, we believe the likelihood that casino gambling will attract crime is as likely as with any other form of tourist attraction and we are confident that our government and law enforcement officials will be able to competently handle the natural adjustments which come with all forms of change.

Bill 8 offers economic opportunity, cooperative experience and future growth for service workers province-wide. Ontario residents have a unique opportunity before them and we hope they support the government's efforts. Casino gambling is not a sucker's bet. Simply ask those communities north, south, east and west of us who are winning at our expense.

We thank you for this opportunity to express our views on this important economic matter of development.

**The Chair:** Thank you very much for your presentation. We have about seven-plus minutes per caucus. We're going to start with the Liberal caucus.

**Mr McClelland:** Sir, I don't want to take issue with what you're saying here. I just want to point out that there are a lot of people as we've travelled who don't necessarily see—for instance, point 3, “odds against,” “a bad risk,” “who claim it will attract,” and so on, just to use your own words—that this is necessarily a bad risk. I think what a lot of people have been saying, not just ourselves in opposition, is that there are some downsides: “Let's be realistic about it. Let's think it through and let's make sure that things are in place.”

By way of example, you represent women and men in your union. Restaurateurs in Windsor said there's a downside risk here: “People in our industry, in the hospitality industry, have a downside risk. We want to

address it.” The downside risk is that we may develop casinos much like they had in, by way of example, Atlantic City. You build this black hole, to use their terminology, and it sucks everybody in. It's designed to hold people in there: All the amenities are provided with the intent of keeping the tourist, the gambler, in that facility. So people in your industry, owner-operators for the most part, said: “We want to make sure that our people continue to be employed. The downside risk is that people are going to stay in there, so let's address that issue and make sure that we design it in such a fashion to get people out and into the community.”

It seems to me that would be an issue you'd want to perhaps comment on, the need to make sure that other people aren't simply displaced, that you create a job potential in a locale at the cost of jobs elsewhere. I'd be interested in your comments on that. I think you can see that there would obviously be a dynamic tension there. The interest of the operator would be to keep people inside. The interest of some of the people you may represent in other restaurants would be to get them out of the casino and into those establishments. Any thoughts or comments on that?

**Mr Kearney:** I think with any situation where there's going to be an attempt to try and draw people to a tourist attraction, there's going to have to be a balance in competition. I'm not sure if there is an appropriate place in government to control that competitive factor, but I think there should be something to try and balance it and not offset it. If we're going to look at the option of a casino, it should be something that's going to be a contribution to the community and draw people into the community. There's no doubt about that in terms of our approach.

In the various cities where there are casinos, at least from the information we've got from the international, there are some concerns, as you've raised, by people in the community, but by the same token there's the other side which says, “Because the casino's there, people do get out of the community and come to our city in the first place who may not have come.” So the question is finding out whether there's a loss or a gain in the process.

1110

As far as I'm concerned, we would not want to see our members be any more unemployed than they are. But I think no matter what style of casino would be put into place or if one was to be considered for Ottawa, it would definitely be a plus in the industry we've got now, given the cyclical patterns. It would certainly get us out of the recessionary mode that we're in. As you know, the first thing that goes when people are in a recession is disposable income: Expense accounts for business are gone and employment in the hotels drops off drastically, and before that expense account comes back, it's well into the recovery, so our people are

going to be dragging along for a little while longer.

I think the benefits in the long run will far outweigh any potential loss, and I think in our industry we can see in the city restaurants come and go, businesses come and go in the service sector, and it's a very competitive field. It's going to have to be a balance of competition, and that's going to be part of choosing a location: determining where people are going to stay, what type of facility it's going to be, whether it's going to be with a hotel, without a hotel. Those are the factors that definitely need to be considered and I think should be.

**The Chair:** Mr Sterling.

**Mr Sterling:** I don't have any questions. I think you've put forward your points clearly and I accept them as that.

**Mr Lessard:** Thanks for making your presentation to the committee today. I was impressed by the fact that you're one of the few people who hasn't come to advocate a specific project here in Ottawa, only that you'd like to see a casino located in the nation's capital. But I'm sure that you are aware of the project that's being proposed by city council and others, and that involves the operation by Carnival Cruise Lines. I wonder whether any of the employees for Carnival Cruise Lines might be organized by your union or whether you're aware of any of their employment practices or history.

**Mr Kearney:** I'm afraid I have no knowledge of that whatsoever. We operate in every state in the United States and represent over 54,000 workers, so I'm sure that somewhere along the line there are some units or operations by them that may be unionized. I can get the information and forward it to you if you'd like. I can provide it to the committee. I can find that out quite rapidly.

**Mr Lessard:** Okay. Where are some of the casinos located in which you do have members?

**Mr Kearney:** Las Vegas, Atlanta, various other states. We got a general notification from the international. We wrote to them and asked them for information generally about their experience and what benefits they may have had or disadvantages there may have been, and we just got a general paper back. I could provide the committee with more specific information if you'd like.

**Mr Lessard:** I'd be interested in having that, because one of the questions that's come up on other occasions before presenters, especially in Windsor, was about salary levels that might be expected by people who would be working in the casino and average salaries. Of course, being a member from Windsor, I'm interested in knowing how much people are going to be making who are going to be working in the casino, because that's going to have an impact on our community.

**Mr Kearney:** I guess I could provide you with a philosophical comment on it. I know that right now down in the States, in Las Vegas, we've been on strike for a prolonged period of time trying to get a collective agreement. In the United States, in one particular casino they've been on strike for more than nine months down there. Again, the concerns with respect to employment factors would probably be a lot less in Ontario, particularly with the labour legislation that we currently have to provide protections, which are far greater than those found in many states. But the fights and the struggles we've had in organizing casinos in the States have ensured that the membership was requesting only the highest of benefits and wages. I can provide you with the specifics of that down there. I can provide you with collective agreements with respect to the casinos that we do represent, and then you can have an idea of what we've been able to obtain. Again, that factor of the legislation and the bargaining situation in Canada and the United States is very different.

**Mr Lessard:** I'd appreciate that. Have you had any discussions or are you aware of any discussions of anyone from the international with any of the proponents for the Windsor casino?

**Mr Kearney:** Not to my knowledge.

**Mr Tony Martin (Sault Ste Marie):** I'd just like to follow on that line of questioning. Certainly we have in Ontario, I think, an infrastructure re the labour relations legislation we have in place that will support the introduction of organized labour where it's warranted, where workers need to be protected and looked after and their lot in life improved. I'm sure you'll be out there aggressively doing that, should this—

**The Chair:** Tony, could you sit forward?

**Mr Martin:** Sure. The criticism that we often get as we go around is that we're creating low-paying jobs that don't have a whole lot of prestige that goes with them and this kind of thing. We had a woman come before us in the Sault who spoke very highly about the kind of training that was required, the kind of skill that was required in these jobs, the level of expertise and commitment and all of that kind of thing.

Perhaps you've answered this already in talking to my colleague here, but in terms of your membership and your experience of that, is that your experience? What kind of jobs do you anticipate will be provided through this initiative, and what kind of training do you think will need to be put in place to support this?

**Mr Kearney:** From the knowledge that I have, one of the primary things we see as a benefit in any city where there is a casino operation coming into effect or where casinos are set up is that their level of training tends to be far in excess of that of the normal operations. In the city of Ottawa here, we have a number of hotels that we represent that provide what I consider to



be minimal training, limited money invested and so on, whereas what we foresee, if a casino comes to town, is that there's going to be a higher level of expectation from the casino operators, there's going to be training levels provided, and that will have a ripple effect on the industry itself. There will be an upgrading effect and a desire to meet that training challenge that's going to be made, that is going to be set by the casino.

Currently in the city of Ottawa, Algonquin College provides training for people in the service industry. Most of the people that we represent are long-service people, and we believe their incomes are quite substantial. I take offence at anybody who describes the type of work as anything other than professional and expedient. We have people who are members who earn more money than I do at the local, so I can't see that it's a menial job or describe it that way. Our people are very professional. I think anybody in service is very professional, so I don't have any fears that it's going to create a job ghetto or create anything of that nature. When our representation started 35 years ago, maids were making \$1.35 an hour and didn't have benefits or sick leave. Now they're making over \$10 an hour, have sick leave benefits, pensions and so on. We're not going anywhere, we've been here 35 years, so if a casino comes to Ottawa, we're not going to sit back and let it become a job ghetto. It's not going to happen.

**Ms Harrington:** In your comments in answer to the other question that was asked previously, you mentioned that certainly a casino would, in your mind, get us out of an economic downturn or slump that is being experienced here as well as everywhere. Then you also went on to mention that casinos depend upon disposable income. What I'm saying is that there is not a lot of disposable income around for most people because of the economic situation. We have to be careful of the number of casinos, the saturation point, because we're talking disposable income; we're talking entertainment; we're talking tourism, I would think. Part of that is bringing in people from outside of Ontario, probably outside of Canada, probably even outside of North America, to really, as you say, get out of an economic downturn and make it worthwhile.

I wanted you to comment about, to make it viable, where is this disposable income going to come from?

1120

**Mr Kearney:** The disposable income was in reference to the nature of business class that comes to town, what the corporate class is going to spend. The tourists, who will be attracted whether there's a casino in Ottawa or not, will come based on vacation pay and holiday income and presumably will come because they have income that is disposable.

**Ms Harrington:** We don't want their income if it's not disposable, I would say.

**Mr Kearney:** I think people should make their own

decision as to how they spend their income and how they live their lives. If they choose to come and spend it in our fair city and enjoy the wonders and beauties of our city and its attractions, I think that's great. I'm not going to tell anybody, "You shouldn't be here because you can't afford it." That's not my place or my responsibility.

I think the primary thing we need to remember is that we're trying to create an additional attraction to bring people who are leaving the province, who may have disposable income and are going to other parts of the country or going to the United States or leaving the country altogether, and trying to attract people who are from outside Canada to view our other tourist attractions as well. So the concern about the disposable income being drained in the province of Ontario I think may be a narrow view of what we're trying to do. I think we should be looking at trying to bring people who are from outside Canada, who do have the income, who can come to Canada—

**Ms Harrington:** And you think this casino proposal here would do that?

**Mr Kearney:** I think it would be a plus in attracting those people, yes. The examples that we've got so far—in the hotels, we've had a number of charity casinos run in the city of Ottawa. Our experience from those charity casinos is that the tourists in the city found them very inviting and very interesting and they were glad to be here when they took place. It gave them an additional option.

**Ms Harrington:** How many casinos do you think there should be in Ontario? We know there's a saturation point.

**Mr Kearney:** I really couldn't comment on that. I think the city of Ottawa, within my experience, could probably be best dealing with a single casino simply because of the size of the infrastructure at this point. The city is expanding and gradually growing. Perhaps in the future there would be a need for an additional casino or a benefit from one, but it's not within my expertise or parameters to be able to make a comment on it. All I'm saying is that I see it as a positive outlet in terms of a draw for tourism which will help the people I represent, who currently work on a fluctuating basis in the industry, and that's a plus. That's basically what I'm here to promote, the fact that it is a positive thing for the people we represent.

**Ms Harrington:** And I think you'd probably agree that because we're doing a pilot project in Windsor, looking very carefully at the downsides as well as the economic benefits, that this is the way to go. Would you agree with that?

**Mr Kearney:** Absolutely. That's why I wasn't here pounding the table and saying Ottawa should have got it. As far as I'm concerned, the approach was in fact

appropriate and responsible in terms of evaluating the effectiveness and the benefits. One of the members had made a comment earlier about being sure that the community had a say. I think this is a positive way of ensuring that the community is aware of what they should say, because it's easy for all of us to come and say the world is wonderful and we're going to get great things from it, or the world's going to be terrible, but until you've got an example to really work from, I think people really can't make an informed decision.

**The Chair:** Thank you very much, Mr Kearney, for presenting before the committee this morning.

**Mr Kearney:** Thank you.

**The Chair:** Our next presenter is Mr Ted Daniels. Are you present, Mr Daniels?

**Mr Dadamo:** He's out there. I was just talking to him.

**The Chair:** We'll just rest for a moment until the clerk gets Mr Daniels.

Although all the members aren't here, it may be an appropriate time to raise the issue of additional presenters in Niagara Falls. I have an opinion that I'll share with you and I'll certainly take any further concerns you might want to raise, but at this point in time, the clerk has made arrangements for people to make presentations and given them times when to be before the committee. We have no expectation at this point in time of going beyond the time that we have scheduled.

What we've done in other venues is allow people to be present, because in other venues there have been people who wanted to make presentations who weren't given that opportunity because of limitations; Sault Ste Marie, for example. We had asked them if they wanted to attend the committee hearings, understanding they may have an opportunity to fill in should there be a cancellation. They were given that, and some did, as you know.

Basically, I think that same process or that same idea should be practised throughout the hearings, and I would suggest that's what we do in Niagara Falls as well. There was a time limit for sending in requests to make presentations before the committee. A number of people were many weeks late but would still like to make presentations before the committee. I think, fairly, they weren't successful applicants at this point in time. But that's what I think we should do. Are there any objections to that?

**Mr Phillips:** Good idea.

**Ms Harrington:** My only comment is that in most places we've started earlier, at 9 o'clock, so there has been a little more ability to get on the list, so we have been a bit limited in Niagara Falls. Of course, it's the end of the week and everybody's tired from travelling; I don't want people to stay longer. I know these people were late, so I have no objection to that. My hope is, if

people are there waiting and anxious to get on, that if there's a cancellation or if there is any extra time, we'll try and squeeze them in and be as hospitable as we possibly can.

**The Chair:** Absolutely; like we always are.

**Ms Harrington:** But I just wanted to draw to your attention that I don't think we have as much of a time block as in Sault Ste Marie or Ottawa. Obviously we're a day and half here, so that in a sense they have been penalized.

**The Chair:** Well, there are other communities which wanted us to come to their communities and we didn't show up at all, so if you look at the whole process, we did limit where we were going to go and some of the times. And although we're starting an hour later in Niagara Falls, we're staying an hour later too.

**Ms Harrington:** Is that right? Okay, that's fair. Thank you, Mr Chair, for considering it.

TED DANIELS

**The Chair:** Mr Ted Daniels, welcome to the committee. You have 30 minutes within which to make your presentation and field questions from the committee members. Whenever you're comfortable, please proceed.

**Mr Ted Daniels:** Welcome, all members of Parliament. I'm here on behalf of Sparks Street and the organization. We would like to see the casino on the street. I think it will be very good for our retail business. It would also, in turn, allow us to have a night life on Sparks Street which is lacking right now. We need that. We also need different types of restaurants on the street. I believe that with Empire and with the help of Carnival Cruise Lines, they're going to put in a restaurant there as well as the casino. I believe this again will add to the ambience of Sparks Street and is what we need. Sparks Street is a beautiful street; it's well known all over Canada. With a casino, I believe it will draw a lot more people into Ottawa, maybe even from the States. We could use some of the States' money, since we keep going over there and spending our money over there.

I also believe there are bad sides to the casino. I believe with the size they are putting in there, it's not a big casino, so it's not going to attract as many of the wrong people we don't want to have in there. I think they'll have the opportunity to guard against it because there won't be as many people going into that casino.

I think that's basically what I really wanted to say in terms of having a casino. I just believe that it would be very good for our street and our city.

**The Chair:** Thank you very much, Mr Daniels, for making your presentation. Because we do have quite a bit of time, I'm going to take just a minute. I want to tell you that I too took a walk down Sparks Street last night. I was very impressed with the way it's laid out. I was somewhat disappointed there weren't any stores



open because it was after 6 pm. I also noticed that there was, in my opinion, a shortage of restaurants, but I've got to say I can't say that absolutely because I didn't check out the rest of the city. I just walked down Sparks Street. I found it to be a very nice place to go.

**Mr Daniels:** It is a beautiful street with everything that goes on down there, especially during the summer, and then once the winter comes on, it dies out.

**The Chair:** Indeed. I might share this with you too. I happened to sit outside one of the restaurants for about half an hour after I'd eaten, or maybe it was 15 minutes. When people were walking by, I listened to their comments. I wasn't eavesdropping; they were just speaking quite loudly. They suggested that they were looking for restaurants. I thought that was interesting because so was I when I went down there, actually. I wanted to check out a few varieties of restaurants before I made the decision where I wanted to eat. There weren't that many.

**Mr Daniels:** No, there isn't.

1130

**The Chair:** Anyway, the committee members have a considerable length of time to question Mr Daniels. We'll start with Mr Phillips.

**Mr Phillips:** The challenge for us, I think, is that the Coopers and Lybrand report—I don't know whether you've had an opportunity to review it or not.

**Mr Daniels:** I haven't, but I've heard about it.

**Mr Phillips:** It indicates that there's just going to be so much money flowing out of these casinos that we'll hardly know what to do with it all. I think it says it'll be about \$850 million a year flowing into the province. If I'm not mistaken—I can't remember the exact number for Ottawa—I think they're predicting about \$150 million a year flowing into the province.

That assumes a substantially larger casino than, I think, the Sparks Street group had proposed, something more in the order of 60,000 square feet. Have you a thought for us on whether it's in the best interests of Ottawa and the province to have your proposal of a comparably smaller casino, or should we at least open our minds to the much larger one that would presumably attract, in total, more people?

**Mr Daniels:** I don't think that we need such a big-size casino. I find that there are a lot of problems and you would probably be better off to have maybe another casino in another area of the city. At least this way I find that you're able to contain the amount of people who are going in and it can never come to the point where we're having too many people and you can't do anything with them. I think the size of that means a lot: By having that small place there, it'll handle enough people to allow Empire to control it better. If we get too many people, it becomes hard to control.

**Mr Phillips:** Based on what we understand, it's

likely we'll see a kind of proliferation of casinos throughout North America, really. It looks like there's no place that is not considering opening a casino.

**Mr Daniels:** That's right.

**Mr Phillips:** What's your view on where that may lead the casino business? One would speculate that there is a limit.

**Mr Daniels:** There is a limit; I agree with you.

**Mr Phillips:** It strikes me that right now we are expecting to take out of the pockets of the people of Ontario about \$1 billion a year in this. Most people felt there wasn't any more money available in disposable income, but this industry's expected to develop about \$1 billion of new revenue. What would happen if we did face a proliferation of casinos and, for one reason or other, it didn't work? Is there anything we should be thinking about to minimize the damage that could be done as a result of that?

**Mr Daniels:** I think it should be controlled. I don't think you should have anybody opening up a casino in a city and have 10, 15, 20. I think in every city the amount of population should be how many casinos should be allowed in that city so that it doesn't go overboard and it doesn't have people going in there who can't afford to go into casinos and spend money.

We have a lot of people in Canada who tend to go over to the United States to go to the casinos. Instead of having them go over there, we can keep that money here in Canada, which is needed. By the same token, maybe we'll get some of the people coming from the United States and bringing their money into our casinos.

**Mr Phillips:** One thing that might be a challenge is stopping people who can't afford it from going in there. They may be tough to identify.

**Mr Daniels:** Yes, you're going to have that problem. Again, that's why I say I believe that the smaller it is, you're able to deter that: Not everybody is going to walk in there and you're able to see that person walking in. Where you get too big, you can't watch everybody who walks into your casino and how they act and what they do and how much money they spend, but on that size, I think you are able to do that.

**Mr Sterling:** Thank you very much for coming to our committee. What kind of a retail business are you involved in, Mr Daniels?

**Mr Daniels:** I have a men's clothing store on Sparks Street.

**Mr Sterling:** I had heard some concern about parking; that was in one submission. Then I heard in another submission that everybody seems to be looking at after the 6 pm period of time, that they're not so concerned with the afternoon. In what you're seeing as what's going to happen in this Ottawa proposal, is it the plan that the casino is not open till 6 pm or is it going to be open during the day? I was just a little concerned

that on the one hand we said we've got a serious parking problem in downtown Ottawa at Sparks Street Mall, and then when the proponents come forward they say, "Well, there's no problem after 6 pm because nobody's down there." Is the proposal not to have a casino until 6 pm, or do you know, Mr Daniels?

**Mr Daniels:** In my view, I would probably look at seeing a casino open up maybe, say, around 12 or 1 o'clock and go right into midnight so it's running basically that part of the day. I don't think you need a casino in the morning time.

Regarding parking space, I think there's ample parking space downtown for anybody who wants to park down there. There were a lot of people at one time who didn't know where all this parking was, but right now I believe that there's plenty of parking down there for people; all they have to know is where to go. Since the world trade plaza opened up—I can't remember exactly how many parking spaces are in there, but that place is empty. Every day I park my car there and it's not always full.

**Mr Sterling:** So you're not concerned about the parking then?

**Mr Daniels:** Not at all.

**Mr Sterling:** Thank you very much.

**Mr Dadamo:** Mr Daniels, thank you for our conversation outside before you came in. I guess I'd like to spend a little bit of time talking about the volumes of people you'd like to have. I'm sure every downtown business area that has experienced the problems you've had in drawing people in—what kinds of ideas or gimmicks, if you want to call them that, have you tried to bring people in after hours?

**Mr Daniels:** I have close to 3,000 customers, and I call them and talk to them all the time. I've always stressed to my customer that he can come and call me at any time and we will set up an appointment at night-time. A lot of times they will tell me: "Well, for me to come down and see you at 8 o'clock at night, what am I going to do after? I'm driving from the east end, coming to see you, I'm going to buy a suit and then I'm going to go back home. There's nothing down there to keep me there to spend at that time." They say what they do is that they do their looking during the week and on Saturday they'll come back with their wives, during the day, and do their buying.

We're trying to find ways that we can keep these people downtown after work and then on a Saturday and on a Sunday and on holidays so that we will have some form of traffic on that street. If you took Sparks Street and put it in Montreal or put it in Toronto or even Vancouver, that street would be open 24 hours a day, but for some reason, in Ottawa nobody comes down there. They all go to their malls, and we need that. That's a gorgeous street, and people say it when they

come down there. They love to be there, but they never have a reason to be there to enjoy it.

**Mr Dadamo:** In 1981, I spent a short time in Regina, Saskatchewan. They had the stores closing at 6 o'clock every night except for Thursday and they proudly announced that Thursday night the stores will be open till 9 o'clock, and that seemed to draw a lot of people to the downtown area, because they knew they had a chance to do some late-night shopping. Have you tried something like that?

**Mr Daniels:** We have. We do it every year, especially at Christmastime. We've done it through Boxing Day, the biggest day of the year for 90% of the retailers out there, but not on Sparks Street: It's the worst day of the year for Sparks Street, and it shouldn't be. Nobody's there; they go into the malls. There's no reason to keep them there: The restaurants are not right, there's not a night life, there's no bar that they can even go and sit in comfortably. It's not there, so people say: "Well, I'll go to the mall, because they have a nice little restaurant that I can sit in. I can go and do a little bit of shopping." There'll be a little bar there where they can drink. It keeps them there. We don't have that.

**Mr Dadamo:** Okay. Thank you very much.

**The Chair:** Thank you very much, Mr Daniels, for making your presentation before the committee. You might want to put a plug in for your business. I don't think that's inappropriate. You told the committee that you had a men's clothing store. I was up and down the Sparks Street Mall. What is the name of your business?

**Mr Daniels:** The name is T.K. Daniels Men's Wear. It's right next to Morrows Nut store. I sell very, very fine clothing made in Canada; 90% of my materials all come from Canada. I believe in Canadians, so let's keep our Canadians working. That's another reason, the unemployment; I think the casino will alleviate some of that problem. Also it will do a lot for the city: It will open up other businesses; it will make people want to go into Sparks Street; companies will want to invest their money into Sparks Street, and I think that's what we need here.

**The Chair:** Great. Thank you very much for making your presentation.

**Mr Daniels:** Thank you.

**The Chair:** The clerk would like to know which committee members are planning to utilize the bus from Queen's Park to Niagara Falls tomorrow morning.

*Interjections.*

**The Chair:** Okay, I think we've got that information. The other thing I'd like to say is that I just want to remind everyone we have to check out of here by 1 o'clock and you can bring your effects into this room, your own personal effects.

Before we recess, Lorraine from research would like to make a comment.



**Ms Lorraine Luski:** Members should be aware that a copy of the interim summary of recommendations on Bill 8 has been sent to your offices at Queen's Park. I'm also bringing extra copies to Niagara Falls tomorrow morning and I'll distribute them at the start of the hearings.

**The Chair:** We will recess now until 1 pm this afternoon.

*The committee recessed from 1142 to 1324.*

EASTERN CANADIAN  
THOROUGHBRED ASSOCIATION

**The Chair:** Order. The standing committee on finance and economic affairs will come to order. Mr Carol Baker is our next presenter, representing the Eastern Canadian Thoroughbred Association. Welcome to the committee, Mr Baker. You have 30 minutes within which to make your presentation and field questions from the committee members, and I want to thank you for being here a few minutes early.

**Mr Carol Baker:** I'd like to thank you on behalf of the Eastern Canadian Thoroughbred Association for giving us this opportunity.

**The Chair:** Whenever you're comfortable, please proceed.

**Mr Baker:** As I mentioned, thank you again for this opportunity to present the concerns which the Eastern Canadian Thoroughbred Association, which commonly goes by the abbreviation ECTA, has about the proposal to introduce casino gambling in the province of Ontario.

Let me first outline what the ECTA is and how our membership is comprised. The ECTA was formed about eight years ago by a mere handful of local breeders who were primarily, at that time, interested in the racing aspects of the thoroughbred industry. It has subsequently grown to about 80-some members who own, breed or, in some cases, have only a love of the thoroughbred. Our members are mostly located in eastern Ontario, but we do have some members in Quebec. Contrary to the eastern part, we do have a member as far west as Alberta and one member in the United States.

The organization provides a forum which enables people interested in the thoroughbred to seek answers to their problems, promotes the thoroughbred as a breed that has many potential career possibilities including racing, dressage, jumping, line show, polo, eventing, hunter, leisure riding etc, encourages development of new thoroughbred owners in one or more of the foregoing disciplines and holds one of the largest annual thoroughbred shows in Ontario.

Our membership comprises people interested in each of these disciplines, with the possible exception of polo. We work in close association with the national body for the breed association, the Canadian Thoroughbred Horse Society, but we are not part of that association itself.

Given the multidisciplinary composition of the

ECTA, we are concerned that the introduction of casino-style gambling will affect not only the racing interest of our membership but its fallout will surely be felt by those who compete in non-racing events. In short, we believe there will be a very negative impact in the further development of the thoroughbred, which we believe to be a marvellous animal with great versatility.

By this time in your deliberations you will have heard the basic arguments of how horse racing will be hurt by the proposed casino legislation. I apologize for the fact that you will hear them once more before this presentation is finished.

However, I would first like to bring to your attention a factor which I do not believe has been given serious consideration by any of the consultants involved in the review of the racing/casino issue. I refer to that relationship between thoroughbred racing on the one hand and the sport and leisure aspects of thoroughbred ownership on the other.

The ECTA, because of the broad membership interests which I have outlined, is keenly interested in the possible negative economic impact which the decline of racing will have on those who show and campaign thoroughbreds in non-racing events. Let me be more specific.

At the end of July, the ECTA held its seventh annual all-thoroughbred show. The event, although scheduled on a busy civic holiday weekend, attracted thoroughbreds from many parts of Ontario as well as Quebec and the United States of America. The judge for this year's show was Rita Jeffries, a well-known author, columnist and thoroughbred owner. She commented at the end of the show on the quality of the animals which she had seen exhibited in the various line and performance classes. The quality noted by Ms Jeffries did not materialize overnight. Rather it has evolved through, in some cases, the purchase by local breeders of prominent stallions with good race records and, in other cases, breeding mares to stallions standing at stud at major Ontario thoroughbred farms.

The third source of thoroughbreds for sports and leisure events is the retired racehorse or the ones who, although possessing good race credentials, prefer to be show horses. Translation: They may look like a million but run like a dime, and I had one of them. I'm not aware of any study which has been carried out to determine the value of this second market for the thoroughbred racehorse; however, the vast majority of thoroughbreds taking part in performance as opposed to racing events had their origins in racing. It is ironic that just as more interest is developing in the use of thoroughbreds in non-racing events, the impact of casino gambling is likely to decrease the number and quality of thoroughbreds available for sports and leisure events.

In the eastern Ontario area, there is at least one horse show each weekend day through the late spring and



summer. Often, there are minor events on week nights. Unfortunately, no data exist on the percentage or number of horses competing in these events which are thoroughbreds. We do know that a few years ago, when the ECTA offered prizes to champions on the Trillium circuit, we fully expected that only a few of the champions would actually be thoroughbreds and therefore qualify for our prize incentives. To our surprise, virtually all champions were thoroughbreds. We also know that ECTA members own approximately 300 thoroughbreds. About a third of these are directly involved in racing and the remainder are owned primarily for sports and leisure pursuits.

Further, we estimate our membership accounts for only about 20% of all thoroughbreds in this part of Ontario. The cost of maintaining a racing thoroughbred is conservatively estimated at between \$20,000 and \$25,000 annually. However, the cost of owning a performance thoroughbred can vary widely depending on the calibre and the number of the shows which they attend. A reasonable average estimate would be between \$10,000 and \$15,000 annually; this could go up as high as a thoroughbred to \$25,000 in some cases. The cost that I've mentioned does not include the purchase cost, which would be above and beyond, and again you get a wide range in the purchase cost of these animals.

Taking an average annual upkeep cost of \$12,500, which is the median between the \$10,000 and \$15,000 I mentioned, we therefore believe that thoroughbred ownership, apart from the direct racing interests in this small part of Ontario accounts for over \$12 million in direct owner expenditures annually. This money is spent in local communities and helps support many small entrepreneurs. It would not, for instance, include things like the construction of an arena or the purchase of trucks, trailers etc. So what I'm trying to say here is we have taken a very, very conservative estimate of direct expenditures, and even that is a fantastically large amount especially when you put it into small local communities like Arnprior or Portland or Kemptville, other small communities in the Ottawa region.

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If you have any doubts about the numbers I'm talking about, drive down a local highway on an early Saturday or a Sunday morning and note the number of horse trailers which are travelling to local shows. Alternatively, visit one of the local tack shops and note the number of customers making horse-related purchases.

The above figures are quoted to illustrate that thoroughbred ownership is neither limited to southern Ontario nor to strictly racing pursuits. Oftentimes we have found that people believe that thoroughbred ownership stops somewhat short of the eastern limits of Oshawa, but as I mentioned here, we have a very active, very extensive thoroughbred ownership community in eastern Ontario.

The relationship between racing and the ownership of sports and leisure thoroughbreds is acute, ie, the fewer racing thoroughbreds in existence, the fewer horses will be available for those interested only in non-racing events. We are therefore critical of all studies which we have seen to date because they have concentrated only on the potential losses to thoroughbred racing and have completely ignored the significant downstream impact on the losses to the economic market resulting from a decrease in thoroughbreds in the sports and leisure sector of the industry. In fact, the projected losses on the racing side may represent only the tip of the proverbial iceberg if all the thoroughbred sports and leisure sector were to collapse as well.

The ECTA is of course also concerned about the potential for major damage to the racing industry. Already we have seen some of the better stallions standing in Ontario leave for the United States. Should this trend continue, it will be necessary for more mares to be sent south of the border for breeding, with resulting loss to the Canadian economy. The costs of shipping to the USA will drive many of the smaller owners out of business, with a further loss to our economy.

Smaller foal crops mean fewer potential racehorses. Fewer racehorses mean smaller fields for racing cards, which in turn will discourage the betting public. Lower handles mean lower purses and more owners leaving the industry. In short, it is a rapid freefall that, once started, is very difficult to arrest. Many are now looking for the parachute which will alleviate that particular rate of descent.

While the Ontario government has issued comforting words about wanting the horse racing industry to continue to be a full and active player in the gaming industry, its actions do not entirely support this laudable stand. By pressing ahead with casino legislation in the absence of a referendum and on the basis of a hastily prepared report, the government has shown a high disregard for the concerns which both the horse industry and the people of this province have over the project.

Let me first of all comment on that portion of the Coopers and Lybrand report which affects the horse racing industry.

Page 44 of the report suggests that racing must "compete on equal terms with other sports and forms of gaming to attract the consumer." For many years the government did allow racing to have a monopoly in the gaming field. This has not been from a purely benevolent standpoint, as it taxed the industry accordingly. Research shows that, with one exception, the racing industry in Ontario pays the highest percentage of taxes of any jurisdiction in North America even though it no longer has the monopoly which it once enjoyed. Data also show that horse racing now represents only 27% of all legalized gambling in the province. This percentage will decrease rapidly as casinos are brought on stream.



Ernst and Young in its report, *Sustaining the Horse Racing and Breeding Industry in Ontario*, recommended a decrease in the provincial share of parimutuel wagering from 5% to 2%. Three years later, the province is still extracting the 5% levy. Wagering has decreased as predicted, as has the size of purses available to horsemen. Instead of relief from this onerous tax, the province is on the verge of introducing yet another form of serious gaming competition to the horse industry. One wonders what kind of Alice in Wonderland world of economics we are living in.

Coopers and Lybrand quote an Insight Canada Research survey of racetrack patrons which concluded that, "The vast majority of racing patrons are attracted by the skill factor involved in racetrack wagering." This must have been a very unique group of patrons interviewed by Insight Canada. Tom Ainslie, one of the world's most respected horse racing handicappers, notes that, "The crowds function on a blend of hunch, horoscope, hot tip, individual handicapping, the motley forecasts of newspapers and tip sheets...and the dubious predictions of innumerable selections systems." I have personally known people who have selected on the basis of horses' names, the colour of the jockey's silks, favourite numbers, and in one extreme case, a man who had the urinals in the men's washroom numbered and selected exactor bets in accordance with which ones were occupied immediately before the call to the post.

**Mr Phillips:** Did it work?

**Mr Baker:** It did in one case.

Ainslie's conclusion, which is very much at odds with Insight Canada's findings, is that, "I doubt, in short, that more than a tiny percentage exploit the predictability of racing by putting available information to profitable use."

Although Ainslie's observations and the Coopers and Lybrand conclusions are not mutually exclusive, it does appear to us that racetrack patrons will initially be attracted to new and legitimate gaming opportunities. Whether they will return to racing or, more importantly, whether there will be racing to return to is another question.

The Coopers and Lybrand study further downplays the impact of casino gambling on the horse racing industry. They conclude that with certain combined government and industry actions, the impact on racing would be in the 5% to 10% decrease range. The basis for this conclusion again appears to be that unique group of gamblers found by Insight Canada Research. The study on page 42 states, "The vast majority of gaming participants expect casinos not to affect their current gaming patterns.... More than 85% of racetrack patrons overall (and 91% of those surveyed at racetracks) indicated that their wagering would either remain the same or increase."

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Compare this finding with that of Christiansen and Cummings in their report on gambling in Connecticut. The latter found that between 16% and 35% of their respondents would spend less at each parimutuel facility if a casino were located within a one-hour drive. Further, they noted that respondents typically tend to underestimate the impacts that new, highly attractive gambling options will have on their current activities.

Empirical evidence in other jurisdictions where casino gaming has been introduced suggests that the potential decrease in wagering on Ontario horse races will range between 20% and 37%. New Jersey, which enjoys the greatest relief from taxation, half a per cent in parimutuel wagering as opposed to Ontario's current 5% net, still experienced a 33% decrease in wagering and a 27% decrease in attendance at thoroughbred tracks after casinos were introduced. The statistics for other jurisdictions are equally sordid.

Coopers and Lybrand has downplayed these startling figures by attributing the losses to mismanagement and competition from other sources. While these two factors may well be at play, the correlation and timing between the introduction of other gaming opportunities and the downturn in track handles is too great to completely ignore.

Coopers and Lybrand additionally state on page 43 that, "The two most important factors for betting on a race are the quality of horses and the handicapping skills required." We've already dealt in the foregoing with the myth of the betting public being an expert handicapper. In regard to the quality of horses being the other important factor, we would again refer the authors to Ainslie, who states that the top races bring together horses that are evenly matched, which makes handicapping extremely hazardous at best. Most name races, he feels, are "simply too close to bother with."

The size of the field was completely ignored by the Coopers and Lybrand study and might well be considered a more significant factor than the quality of the field. A question should have been asked to determine whether a race patron would sooner bet on a field of five stake-calibre horses or a field of 12 mid-level claiming horses. It is our feeling that the latter would be chosen by most patrons. Again, we're backed up by Ainslie's findings when he states that fewer than eight horses in a field is a very unpopular race. I think there have been other studies conducted in North America in the last few years too which prove that. Unfortunately, I was not able to identify which studies they were in time to have them before you today. The point is that lower fields draw fewer betting dollars from the public.

A wide range of estimates of the jobs which are associated with the racing industry is on public record. We are not in a position to state which is the most accurate prediction. The thoroughbred industry, both



racing and non-racing, is labour-intensive, with flow-through benefits going to numerous small businesses, skilled professionals and non-skilled labourers.

When Fort Erie was threatened with closure, an estimate of job losses in the 4,500-person range and a corresponding loss of some \$38 million in the payroll was widely quoted. To the best of our knowledge, neither figure was disputed. Given that Fort Erie was only one track of the some 23 in operation, it's not too difficult to believe that the upper end of the 18,000 to 49,000 estimated scale would be correct, particularly if the non-racing aspects of the industry mentioned in the earlier part of this presentation were to be taken into consideration.

Again, we wish to stress that neither Price Waterhouse in its study commissioned by the Ontario Jockey Club nor Dr Arthur Hosios in his evaluation of this study which was done for the Ontario casino project examined this aspect of the issue. We feel this was a major error, since a complete picture has not been presented to those of you who are preparing the legislation.

It has been correctly pointed out that many of the jobs associated with the horse industry are occupied by people with skills that are not transferable. Although retraining is a possibility, the question must be asked about the costs of such training, as well as, retraining for what purpose? Are we about to create one category of jobs at the expense of another category?

Price Waterhouse noted that the number of people employed in the horse racing sector in Canada outnumbered jobs in logging and forestry, mining and quarrying and fishing and trapping. It should be noted that, compared to these, horse racing is an environmentally friendly industry. It does not fill in the wetlands, pollute the atmosphere with acid rain, deplete scarce resources nor destroy virgin timberlands. I might add here at this point too that it's also more friendly because it returns about 80% of the dollars bet to the public, which I think will be far greater than any casino proposed.

Another factor we note is that the number of young people involved in the horse industry, both in the racing and non-racing sides of it, is significant. At a time when concern is expressed about opportunities for the youth of the province, it will be unfortunate if yet another potential job market is taken away from them.

As an aside from this, the actual number of jobs or employment provided, the number of youth involved as a hobby in this business is really significant. Go to any show and you'll see the number of young men and women of this country who are involved in it, and I doubt if any of these are engaged in wrecking shopping malls or gang fights because they are bored with the locale that they're living in. They just simply don't have time if they're involved with this.

Let me conclude by saying that we are fully aware that all is not well within the horse industry itself. In the last few years, I have attended race meets and offtrack betting establishments in several jurisdictions in North America and as far away as New Zealand. I've noted the decrease in the percentage of young people in attendance, particularly at live races and particularly at those in North America. New Zealand was slightly different on that point.

Tracks have in general not done a good job in promoting the product to ensure that they have a continuing and loyal clientele, a factor which was noted by Coopers and Lybrand, nor have they gone out of their way to encourage small owners, who, contrary to popular belief, are really the backbone of the racing industry.

We feel that the introduction of gaming opportunities that are decided by the play of a card, the pull of a handle or a 20-second spin of the wheel will be very difficult to overcome by an industry which relies on a 20-minute wait between each betting event. The main solution presented to date is the expansion of simulcasts and teletheatre betting establishments. Somehow the quality of horse racing will be diminished as patrons abandon our beautiful live racing premises to sit in front of banks of television monitors where they can have a play every few minutes instead of two or three times per hour.

The industry is being rapidly pushed towards this solution by the proposed high-stakes casino approach. No matter how repugnant this scenario is to the race purist, it may extend the product to many who do not live near a major track and provide interim protection to the industry from the encroachment of other forms of legalized gaming.

However, short-run solutions often lead to long-range disasters. This could similarly be the case with the anticipated bonanza which a tax-hungry provincial government, equally financially strapped local municipalities and local developers expect to reap from the casino project.

Thank you again for this opportunity to make the concerns of the ECTA known to you.

**The Chair:** Thank you, Mr Baker. We have three minutes per caucus.

**Mr Duignan:** Just a quick question. You've indicated some concern about bringing casinos to the province of Ontario. I was wondering, have you any idea what the impact will be on your industry from a casino that would be sited, for example, in Montreal?

**Mr Baker:** I guess no matter how far away, if it's in an easy driving distance, there is going to be an impact. Again, I guess we'd have to quote the New Jersey situation, where casinos were all located in Atlantic City. Meadowlands is 120-some-odd miles



away, one of the major tracks, and the New Jersey situation was that I think—sorry; just let me check. I think New Jersey found they went down about 27% in their racing handle even though the casinos were well over 100 miles away. We're within 100 miles of Montreal, slightly over an hour and a quarter's driving time. So, yes, there'll be an effect on the racing handle, there's no doubt about it.

**Mr Duignan:** There's also a possibility of a casino being established in Hull in Quebec as well.

**Mr Baker:** That's correct. We're speaking for the thoroughbred racing, but even so, the simulcasting of certain races of thoroughbreds is now coming into our local standardbred track, so I would expect that would have an impact as well.

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**Ms Harrington:** Thank you very much for your very detailed brief. I wanted to mention to you that I can understand your love of horses in eastern Ontario. My father, who lived in Brockville, owned a horse boarded with Eve Mannering. Do you know her?

**Mr Baker:** I don't know her personally. I know the name well.

**Ms Harrington:** Okay. Just last night I was visiting my sister west of Ottawa, and her daughter, who's 20 years old, came home from the stables and was telling me how expensive it is. She takes all her time and money to support her horse, which is about \$400 a month just for board.

**Mr Baker:** I hope it's a thoroughbred.

**Ms Harrington:** I hope so too. I don't know the horse at all.

I represent Niagara Falls, which of course is very close to Fort Erie, and I know the commitment of this government and what we have gone through over the last year and a half or more to maintain and sustain the track there and try to give a long-term commitment. Now, I understand what you're talking about is the breeding stock over the long term, what will happen to the value and quality.

**Mr Baker:** And numbers.

**Ms Harrington:** Right. I certainly will take your concerns with regard to that, and thank you for your presentation.

**Mr McClelland:** I wonder if you'd expand somewhat on the non-racing aspects of the industry, particularly page 6 at the conclusion of the second paragraph. We unfortunately ran out of time, but we were engaged in a little bit of a discussion with Dr Hosios last week. It's rather unfair to try to comment on his response, but if I understood him correctly, what he was trying to do was, if you will, apportion time and essentially say that if you only work  $x$  number of hours, then we have to prorate that in terms of impact on job loss.

Unfortunately, we didn't have a chance to engage in it, but I thought it was very well put by Mr Eves, who said, "Well, I guess then teachers aren't full-time workers because they only teach 180 days." My thought was, and I didn't mean this in a disrespectful sense, "I guess a professorship isn't a full-time job if you only lecture six hours a week," because everything else you do on the side is irrelevant, it would seem to me, if you were to follow that argument through to its conclusion.

I wonder if you would expand on that somewhat, because I too share the concern, as do a number of people, and I'm sure my colleagues do as well, that the impact on job loss may be much greater than the numbers that have been brought forward by Dr Hosios and others.

**Mr Baker:** It's difficult to quantify what that would be. Again, in our presentation here we've mentioned that the sports and leisure side of the number of horses involved in our association numbers about two to one to the racing interests, and although it doesn't cost as much to maintain most of the sports and leisure horses, there are probably twice as many in existence.

The only area of this province I'm familiar with is local eastern Ontario. If the review and research that we have done here is projected to central, southern and western Ontario, where there are many more horses because of the fact that the racetracks are at Toronto and Fort Erie, we envisage that the number of sports and leisure horses must be really significant and the amount of money going out—well, just drive around through this area and see the number of arenas going up. It's the same thing in the Toronto area. When we've driven there we've seen all of the construction of horse farms, and not all of them, very few of them probably in fact, are really connected with racing. So it's a second market that hasn't been explored by any of the consultants that I have been able to determine. It's fallen into a gap, and I'm really concerned that it's been missed.

**Mr Gary Carr (Oakville South):** Thank you very much. I appreciate the presentation.

Once we get this casino and the people of Quebec get their casino and Detroit gets its and all the ones that have been anticipated get up and running, what would you anticipate happening to your actual membership? Percentage-wise, what do you see happening to your membership?

**Mr Baker:** As you have noted, compared to the Canadian Thoroughbred Horse Society, the CTHS, or the Horsemen's Benevolent and Protective Society, the HBPA, and those others, ours is a voluntary organization, so we do have low numbers compared to the other people you've probably heard before.

**Mr Carr:** Just percentage-wise, though.

**Mr Baker:** Percentage-wise, I would think that

small owners and with maybe two or three exceptions we really do have small owners, one or two horses to a large extent, in many cases—will be the first ones to drop out. I would think that maybe three quarters of our membership could eventually be out of thoroughbreds, particularly in the racing side. I should emphasize that. That would be the first to go, and I would be one of the first of those.

**Mr Carr:** You mentioned in here the issue of taxation. One of the things I'm hoping is that the government will see fit to make some of the changes. I think you talked a little bit about the percentages of taxation.

**Mr Baker:** Yes, it's 5% tax.

**Mr Carr:** As you know, the government seems intent on going ahead with the casinos. You say if casinos come in you're going to lose three quarters of your members. If they were to change the tax, what do you see happening to your industry? What difference will that make if one of the things they do positively reduces some of the taxation? What do you see happening if they do that?

**Mr Baker:** It depends on how soon it's done and how much money flows down into the purses of the individual horse people who are involved. If the purses were to not decrease, as we envisage they will right now, I think it would encourage an awful lot of owners to stay in the business. Naturally, we'd feel that if Bill 8 was removed from the agenda, that would be the best. Lower taxes in the industry would certainly be second-best.

Perhaps another way to help out the horse industry would be to have breeders' incentives provided through a percentage of the purses—and maybe that could come out of the cutback you're proposing—to make it more effective than the present side, where breeders of horses that win races don't get any particular prize. Up till now, high purses which exist in Ontario are support and initiative enough for breeders to stay in the business, but we in the ECTA feel that maybe special percentages of purses given directly to breeders of those winning horses would be a better way to distribute it. That again would help people to stay in the business.

**Mr Carr:** Do you see this as a real urban-rural issue? As you know, we've gone to some of the cities and they're all in favour of it for getting the jobs. It seems to me we may be substituting jobs in cities, whether it be Ottawa or Windsor or so on, for jobs that will be lost in rural Ontario. Is that how you see it, as sort of a tradeoff, that we'll be producing some jobs in the urban centres and the cities, but we may be losing them in rural Ontario?

**Mr Baker:** I think that in the case of Fort Erie or Woodbine you'd certainly be losing an awful lot of urban jobs there as well. As for communities and

municipalities trying to find the secret magic to tapping into casino windfalls, maybe they should be careful, because from what I've seen in Atlantic City, they had 2,100 businesses there just prior to the introduction of casinos and within a few years afterwards, only 210 of those businesses actually existed. So it's not exactly a good example, perhaps, for urban communities to really be following and pushing. In other words, I'm saying beware. It may not be as good a source of income as they feel.

In addition to that, I think the same statistics showed that only 10% of the jobs that were created actually went to residents of Atlantic City. Crime went up 75% in five years as compared to 17% in Detroit over the same period of time, which is one of the notorious cities in the United States for crime, and at the same time, Atlantic City had the third-highest rate of people on public assistance. There's an urban concern there as well, although it's not related to the horse industry.

**The Chair:** Thank you, Mr Baker, for presenting before the committee this afternoon.

I want to inform the committee members that the telephone call was Chief Robert Whiteduck, and he was, I believe, calling on his car phone to tell us he was going to be five minutes late, so we're going to recess until he shows up, which I expect will be very soon.

*The committee recessed from 1401 to 1406.*

ALGONQUIN GOLDEN LAKE FIRST NATION

**The Chair:** Are you Chief Robert Whiteduck?

**Mr Dan Kohoko:** No I'm not. My name is Dan Kohoko. I'm working for Chief Robert Whiteduck. Unfortunately, at the very last minute, he wasn't able to make it and they got me a message about half an hour ago saying to go ahead with the presentation.

**The Chair:** I see. Welcome to the committee. You represent the Algonquin Golden Lake First Nation?

**Mr Kohoko:** Yes I do.

**The Chair:** You have 30 minutes within which to make your presentation and field questions from the committee members. Whenever you're comfortable and prepared, please proceed.

**Mr Kohoko:** Yes, I'm ready. As I mentioned earlier, I'm replacing Chief Robert Whiteduck. On his behalf, our presentation is as follows.

I welcome the opportunity to be here today to discuss the proposed legislation concerning casinos in Ontario. We're all aware that gaming is a dynamic industry, with great potential for social and economic development and growth. We have also heard stories and allegations on the negative side of this issue. However, we believe that the key to success of the gaming industry in Ontario is cooperation. Cooperation will ensure the greatest benefit for both the government of Ontario and the first nations, which will in turn ensure the industry is effectively controlled.



We don't have to look far to appreciate the potential resulting from the casino industry. Tribes in the United States have experienced tremendous growth as a result of casino operations. We know from Minnesota tribes that casinos are lifting them from the decades of poverty and neglect and powering their drive to become self-sufficient. Casino development has allowed US tribes to contribute to local, state and national economies. In Minnesota alone, Indian people paid an estimated \$35 million in state taxes as well as generating goods and services estimated at \$550 million in 1991, directly resulting from the casino industry.

In that same state, a number of other benefits have accrued, for example, in employment and wages. There are currently 13 Indian gaming operations in the state of Minnesota alone. They employ approximately 5,700 people and four of them have become the largest employer for their nearest city. Current employment includes 1,350 natives, or approximately 24% of the total employees. Indian gaming in that state currently pays wages at the rate of about \$78 million annually.

In terms of tax revenue, Minnesota's 13 Indian casinos generate over \$11.8 million in social security and medicare tax revenue on an annual basis. In addition, they pay over \$2.1 million annually for combined state and federal unemployment compensation.

Government assistance: Based on state figures, the amount of Indian aid to families with dependent-children recipients in the 11 counties containing Indian casinos decreased by 3.2% over a two-year period. The number of Indian recipients in the balance of the state increased 14.6% for the same two-year period.

Other impacts: The greatest area of impact in the state has been the amount of new construction which has taken place. The total estimated cost of construction related to Indian gaming for 1991-92 equals \$68.8 million. An additional \$27.1 million in planned construction expenditures has been identified as the gaming industry in that state continues to grow.

Based on current operations, Indian casinos spend over \$3 million annually just on advertising and promotion to attract out-of-state and out-of-country patrons.

So we look at those kinds of figures and that type of thing. Our own as well as other people's reasons for interest in the casino industry is evident, but we think ours goes perhaps further. The casino industry presents us with a desperately needed development opportunity. The development needs of first nations in Ontario are self-evident. Extraordinarily high unemployment, poverty and poor health conditions plague our communities. Community infrastructure, including basic services such as a good supply of potable water, roads and sewers are all needed.

The Union of Ontario Indians, of which Golden Lake First Nation is a member, has advised us that Minister

Churley, in her remarks to this committee on August 16, stated that the Ministry of Consumer and Commercial Relations is "currently discussing with aboriginal groups their participation in the gaming industry" and that they "are currently negotiating self-regulatory agreements with a number of first nations with respect to charitable gaming." She went on to state that she felt first nations should be involved like everyone else. I guess that's why I'm here today, to say that Golden Lake would like to be involved.

We welcome the minister's comments. However, the union has also advised us that the ministry has not entered into any formal negotiations on casinos with first nations. In fact, they have indicated that the few meetings that have been arranged have come about as a result of the union's insistence to begin a dialogue.

Ontario and the first nations, as you all know, have signed an agreement that recognizes a special government-to-government relationship and respects the inherent right of first nations to self-government.

I want to reiterate what Grand Chief Joe Miskokomon said: "There is a great opportunity for casino venture cooperation that will benefit all of Ontario. We have witnessed the very negative consequences that have resulted from lack of coordination between first nations and provincial governments in other provinces. Dangerously explosive situations have been created in Manitoba and Saskatchewan. This is the situation that we want to avoid."

Also, in principle and in practice we at Golden Lake support the action taken some five years ago by the Union of Ontario Indians, which recognized the opportunities for growth and development in the casino industry and also recognized the need for cooperation. At that time, they immediately moved to consider the essential issues of regulation and management. They built a concept that they called the Anishinabek Gaming Commission, which specifically addresses the issues of safety, investigation and compliance with all relevant regulations. They tabled a document with the Ontario government that clearly outlined roles and responsibilities. While I can truthfully say that we at Golden Lake support this action, I must also look at the potential for being left out in the current situation. Let me explain.

In March 1983, we, the Algonquin Golden Lake First Nation, presented the Governor General with the latest in a series of at least 26 petitions that spread out over 220 years, concerning our land and our aboriginal rights here in the Ottawa Valley. Eight years later, in March 1991, the province of Ontario made a commitment to begin negotiations. They made that commitment to begin in June 1991, and indeed they did begin. On December 7, 1992, Canada formally entered these talks.

Prior to this form of startup negotiations, in 1988, Golden Lake had presented a settlement proposal to both the government of Ontario and the government of

Canada. At that time, we briefly stated that we would, in the future, seek to be a part of the mainstream economy through investments which we legitimately believe can be paid for from settlement funds. We were looking at previous examples and expecting settlement funds.

There is an indication, however, that the players in the mainstream economy, at least as we see it here in eastern Ontario, are not ready to accept us. Instead, they appear to see us as a group that might be able, with government assistance, to force our way into business sectors already occupied by non-aboriginal businesses, thereby putting those businesses in jeopardy through additional, and what they perceive to be unfair, competition. We don't agree with that analysis, but that is another area that doesn't really concern us at this point.

As evidence that the non-aboriginal business people here in the Ottawa Valley feel that there's very little room or no room for us, we were planning to table some internal notes taken at a meeting organized in June 1993 for consultation and information purposes. That meeting was with the Renfrew county council executive committee, its land use and forestry panel. Since I don't have the material to table, I'll just indicate one comment out of that.

The warden of the county, who apparently sits on that committee, basically told both Ontario, Canada, and us at Golden Lake that there was no additional land for Golden Lake and that what Golden Lake should seek is cash compensation, which we interpreted as money coming into the Indian community to go immediately back out, spent in their businesses. That's why we don't like the situation.

I stated that we would explain the potential for being left out. If there is some truth to the county's assertion that the existing business sectors are fully occupied, then their assertion is certainly not true in relation to casinos and the gaming industry as a business sector. There are currently no business casinos in operation, and certainly none here in the Ottawa Valley.

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If we proceed to negotiate our jurisdiction over the industry, we would have the potential situation whereby the government of Ontario could proceed at the same time with casino development based on proposals coming in from the non-aboriginal business and municipal sectors or as what appears to be the case in the Windsor casino development, which is fully owned and operated by Ontario.

What I am saying here is that while we support the Union of Ontario Indians' initiative, we're also prepared to work on the development of a casino in this area under the current jurisdiction of Ontario. This means that we are asking for either ownership in conjunction with Ontario or on our own so that the opportunity to participate is not lost because it is being picked up and

developed by other interests while we are a part of a jurisdictional negotiation process.

In conclusion, I wish to state that the Algonquin Golden Lake First Nation's position is that no development work or planning take place on a casino within our traditional territory until such time as we are ready and able to participate.

As I indicated earlier our participation may be contingent on the negotiations we are conducting with both Canada and Ontario. We expect this process to provide us with the investment capital that would see us participate as owners or as equal partners in the development of a casino within our traditional territory.

This is one business sector that is currently available to us without having the potential of creating injustice by displacing existing businesses already operating within the sector. The government of Ontario, in our opinion, should not be setting itself up as our competition, nor should Ontario contemplate setting someone else up as our competition in the casino industry here in our traditional territory.

Rather than competing, we would like to work in cooperation.

**The Chair:** Thank you very much for your presentation. We have about five minutes per caucus. We'll start with the Progressive Conservative caucus. Mr Carr.

**Mr Sterling:** Perhaps before you start, Gary, could I just ask, what is your traditional area? Could you just outline that for us in rough terms.

**Mr Kohoko:** The traditional area is the watershed of the Ottawa Valley in Ontario. It stretches from North Bay, it takes in most of Algonquin Park, goes past south of Bancroft over to north of Kingston, Brockville and then up along the St Lawrence towards Cornwall and over to Hawkesbury. The Ottawa River is the north boundary. Currently, we're negotiating with both Ontario and Canada our land claim within that jurisdiction.

**Mr Sterling:** That would include the city of Ottawa?

**Mr Kohoko:** It would.

**Mr Carr:** Thank you very much for your presentation. In one of the parts here, you talk about the investment and it seems to me what you're saying is that if you had the money for the investment, you'd like to get into casinos right now. Is that what you're saying? The big stumbling block seems to be the upfront investment.

**Mr Kohoko:** In past experience with land claims, there has always been a chunk of money that could be used for capital investment that was made available to the claimant group. From that perspective, we expect there will be a similar chunk of money available to us at the end of negotiations or at some point in the negotiations.

What we have said all along is that we are prepared



to participate fully as equal partners in the economy of eastern Ontario within our traditional land claim territory. What we're saying right now is that the casino industry is just developing. Ontario does have a plan in place where it's going to be doing some evaluations; they're going to take some time. If plans are going to be made, we would like to be part of that planning process so that we can, in fact, participate as investors.

We're not saying we're jumping on the Indian bandwagon on this. We're saying that we'll take money as private sector investors and come in to an operation that happens in eastern Ontario. The other thing we're saying is that what the Union of Ontario Indians is doing is negotiating a jurisdictional type of situation. We support that and will endorse that, but we don't want to lose our opportunity now, while we're fighting on this other issue.

**Mr Carr:** One of the big questions is how many casinos Ontario can have and still have a viable industry. As you know, the Coopers and Lybrand report talked about Windsor, talked about the Sault, Niagara Falls and so on. I don't know if you're familiar with the locations. What do you think would be fair in terms of the first nations, in terms of dividing up? Have you thought, in Ontario, what to you would be a fair division of some of the casinos?

**Mr Kohoko:** From our perspective, there are going to be casinos, so if there are going to be casinos all over Ontario, rather than say, "This casino is an Indian casino and this casino is not," all of the casinos could potentially have some form of Indian ownership and have some benefit coming out of all of those casinos. From our perspective and the position that we're stating here in relation to traditional territory, all of Ontario at one point in time was traditional territory for some Indian group within Ontario. There is good reason right now for us to participate in this business sector, which is not occupied by anyone. We don't come in on unfair competition.

**Mr Carr:** If you don't get it, do you see a problem where, for example, Ottawa would open up one like they want in downtown on the mall and then you open up one? If the cooperation isn't there, do you see that you become competitors? Do you see that happening if it doesn't work out in terms of cooperation?

**Mr Kohoko:** Yes, I do see that happening, because then we would be forced to go with the jurisdictional issue in the negotiations that are happening. If we do secure the jurisdictional right, and people seem to have every reason to believe that we would, then yes, we would be moving into that area.

**Mr Carr:** So it's better to cooperate now than have a situation where you're competitors.

**Mr Kohoko:** We think that's probably the best way to go.

**Mr Carr:** Good luck.

**Ms Harrington:** Thank you for coming. On the third page of your brief, you quote the minister with regard to this issue as saying the ministry is "currently discussing with aboriginal groups their participation in the gaming industry" and that it is "currently negotiating self-regulatory agreements with a number of first nations with respect to charitable gaming." Then you say, from your point of view, "the union has also advised us that the ministry has not entered into any formal negotiations on casinos with the first nations." Does that seem to be contradictory to you?

**Mr Kohoko:** It does. We were using it to demonstrate our point. We want to get into a cooperative situation here.

**Ms Harrington:** From what I understand, the minister and the ministry are certainly very serious in their negotiations and their discussions. I was wondering if I could ask the parliamentary assistant to just maybe update both you and I on the state of what is happening at this moment, as much as possible. Mr Chair, would that be possible?

**The Chair:** Mr Duignan, do you have anything further to offer at this time?

**Mr Duignan:** At this point I don't have anything further to offer on that.

**Ms Harrington:** Do you know if the ministry is working with the first nations?

**Mr Duignan:** We have a native gaming section which is.

**Ms Harrington:** So it is ongoing and we certainly hope there will be an agreement reached very soon. I understand from what the minister has said that they are working to that end.

**Mr Kohoko:** From our perspective, we are going to go into a meeting next week in Toronto which will be the first meeting we attend on the issue that the ministry people will be meeting with. I'm not sure who a number of the Indian groups are.

**Ms Harrington:** Our government does realize this is very important.

**Mr Kwinter:** I found your presentation interesting. I just want to get a clarification so I don't have a misunderstanding of what you're saying. From what you've said—this is my interpretation and correct me if I'm wrong—basically, all of Ontario is a traditional territory for some Indian group.

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**Mr Kohoko:** That's right.

**Mr Kwinter:** And that because there is no casino gambling, there is no danger of anyone being impacted by the first nations getting involved with casino gambling. So you effectively want to have either a relationship with any casino that opens in Ontario or the

exclusive right to a casino that opens in Ontario. Is that a fair representation of what you're saying?

**Mr Kohoko:** I wouldn't say an exclusive right in all areas, but I would say a relationship, definitely.

**Mr Kwinter:** What I mean by an exclusive right is that either you would run it by yourselves or you would run it in conjunction with some other group, but you would be involved in every casino that operates in Ontario because you feel that this is part of the traditional territory and this is an area you have sort of staked out for yourselves.

**Mr Kohoko:** No. What I'm saying is that all of Ontario was at one point a traditional territory of some first nation, and that particular first nation, if there was a casino operation happening in its area, should at least have some benefits of that casino. If those benefits go so far as being exclusive, owned and controlled, that's fine, but if they go so far as to be a percentage of owned and controlled or deriving benefits, then that's fine as well.

**Mr Kwinter:** But you would expect to participate in all casinos, for that reason.

**Mr Kohoko:** That would seem to be the ideal type of situation, rather than from the perspective of saying this casino is Indians and this casino is not Indians. It would seem to be a much more fair way of determining the benefits that we would derive from this type of an operation.

**Mr McClelland:** Chief, in your concluding comment you say that your position is that no development work or planning take place on a casino within your traditional territory until such time as you are ready and able to participate. That is your position, stated. When do you envisage that to occur? At what time do you anticipate you would be ready and able to participate?

**Mr Kohoko:** I can't answer definitively when the negotiations might be finished on the land claim and that we might have money for investment. What I can say is that if we were going to be given the opportunity to participate in the fashion that I've outlined, as effective business partners we would then proceed to open talks with both, say, Ontario and Canada on interim arrangements to cover off any economic initiative, this one in particular. Right now, we do have an interim arrangement with Ontario in respect of our hunting rights within the traditional territory. With that in mind, we see no reason why we could not also open up an interim arrangement to accommodate development work on the casino issue if it is now ready to go ahead.

**Mr McClelland:** In short, you're saying if you can reach an agreement you're ready now.

**Mr Kohoko:** That's right.

**Mr McClelland:** And until such time as you reach an agreement, you're not ready.

**Mr Kohoko:** That's right.

**Mr McClelland:** Would it be your position, a fallback position—I don't want to go on a fishing trip here, but if you can't reach that resolution, would it be your position that you have jurisdiction in any event and you proceed on your own when you feel you're ready to proceed on your own?

**Mr Kohoko:** We would then move, as I mentioned in here, in behind the initiative that is being undertaken to negotiate jurisdiction over the thing, and where that goes—I guess the answer to your question is yes, that would be our fallback position.

**Mr McClelland:** Thanks, Chief.

**The Chair:** Thank you very much for presenting before the committee today. Before you go, though, I'd like to know, what's your title?

**Mr Kohoko:** I'm one of the negotiators in our land claim negotiations and we wind up doing a great deal of stuff. Economic development is kind of one of the areas I'm involved with.

**The Chair:** Okay. Thanks again for presenting to the committee this afternoon.

**Mr Kohoko:** There was some information also on the table along with the presentation itself. If I can get an address, then I'll make sure that material is sent.

**The Chair:** Okay. We'll make sure you get an address.

#### ONTARIO RESTAURANT ASSOCIATION

**The Chair:** Our next presenter this afternoon is Phil Wasserman, chair of the Ottawa region of the Ontario Restaurant Association, if you'd like to come forward, please. You have 30 minutes within which to make your presentation and field questions from the committee members.

I also want to raise at this time, before you start, that the committee directed the clerk to take responses to the call for people making presentations before the committee. We did not want to duplicate any of the presentations. I know this area is a little grey, because the horse racing association had many representatives come forward, all from a different area of that industry. I just want to put on the record that this is the second or third time, the second time for sure, that the Ontario Restaurant Association is making a presentation before the committee. It just makes it difficult for us as a committee and for me as the Chair and the clerk, because we're trying to get as many people as possible who have concerns, including private individuals, before the committee, and we have had to turn a number of people away at every venue. It does concern me somewhat, and I just wanted to raise that with you.

**Ms Harrington:** And they are on the agenda tomorrow in Niagara Falls.

**The Chair:** I did have a quick look through your submission and it's very repetitious of the one we saw



in Windsor as well. But you're on the schedule today, so please proceed.

**Mr Phil Waserman:** In all fairness, the other presentation was done before the Coopers and Lybrand report was released, so there is some additional information. I'm sorry if there's going to be some repetition, but—

**The Chair:** Please continue.

**Mr Waserman:** Anyway, good afternoon. On behalf of the Ottawa region of the Ontario Restaurant Association, I'd like to say we're very pleased to appear before you today and to have the opportunity to discuss the development of the casino in Windsor as well as the potential development of casinos in other regions, hopefully including Ottawa.

Today we'll outline some of our industry's recommendations to improve Bill 8 and, more importantly, detail critical changes which we believe must be enacted prior to the passage of this legislation so as to protect the local foodservice and hospitality industry.

I am Phil Waserman; I'm the chairman of the Ontario Restaurant Association as well as the past president of the Ottawa region of the Ontario Restaurant Association. With me today is Paul Oliver, who is the president of our association.

As you are well aware, the past several years have been very economically challenging for Ontario. It has been particularly devastating for the foodservice and tourism industry in Ontario. The restaurant industry has been severely hurt by the current recession. We believe it is important that government and industry work together to improve the economic health of the restaurant and tourism industry in Ontario.

The foodservice industry believes that the development of a casino in Windsor and eventually in other cities in Ontario can be a positive step towards revitalising the restaurant and tourism industry, provided it is done in a fashion which protects the local hospitality industry. Prior to the passage of Bill 8, the ORA encourages the government of Ontario to amend the legislation to insert fail-safe mechanisms into the legislation to ensure that Ontario's hospitality and tourism industry is not undermined, as has resulted for our counterparts in Atlantic City.

The foodservice industry is a key partner in Ontario's tourism and convention industry. Tourism is a significant economic force in Ontario and generates an inflow of over \$3 billion of foreign currency. The Ottawa region itself plays host to four million visitors each year, which infuses \$465 million, directly and indirectly, into the economy and eventually into the treasury of Ontario.

Approximately 21% of all tourism dollars spent in Ontario are accounted for by food and beverage operators. The cost of food and beverages and the viability

of the hospitality sector directly influence Ontario's attractiveness to foreign tourists, especially major North American conventions.

Today, Ontario faces a record annual travel deficit approaching \$4.5 billion. This massive outflow of capital, either from the absence of foreign tourists or from Ontarians going out of the province, must be addressed by enhancing the competitiveness of Ontario's tourism and hospitality industry. We believe that the development of casinos in Ontario can help to address this serious problem, but it is important to note that the development of casinos cannot be seen as the only solution; it is only part of a much broader solution. There are many other issues which must also be addressed.

#### 1440

The ORA is concerned that the development of casinos in Ontario is becoming a single focus and is being portrayed as the panacea to solve all the problems within the tourism and hospitality industry. This simply will not be the case. The tourism and hospitality industry needs government assurances that our sectors will not be ignored or abandoned once casinos are opened in Ontario.

The Ontario Restaurant Association has historically supported the concept of introducing casino gambling in Ontario. This support, however, was premised on the fact that the principal focus of introducing casino gambling must be to generate increased tourism.

Unfortunately, today the Ontario Restaurant Association must qualify its support for casino gambling in Ontario. The ORA has a number of major concerns related to the design and operation of the proposed casino for Windsor and the possibility that the Windsor model will be duplicated in other parts of Ontario such as Ottawa. We believe that these issues need to be addressed prior to the passage of Bill 8 and in some cases be fixed in either the legislation and/or accompanying regulations.

The ORA continues to support the concept of casino gambling in Ontario, but we have a number of significant concerns regarding Bill 8. For the foodservice industry, the development of restaurants and beverage facilities within the casino is a major concern. The Minister of Consumer and Commercial Relations, the Honourable Marilyn Churley, has stated that the casino complex would include three modestly sized restaurants that will accommodate about 10% of the casino's daily visitors.

As we have stated previously, the ORA supports the concept of limiting the availability of foodservices so that casino patrons will be encouraged to leave the casino complex and utilize the local hospitality operations, taxi drivers and accommodations. We are very concerned that this provision does not appear in Bill 8, is absent from the government's request for proposals

which was issued to prospective casino managers and is not used as a basic principle in the recently released Coopers and Lybrand study.

We believe that this promise by the Minister of Consumer and Commercial Relations must be written into Bill 8 before it is passed. As we have noted earlier, the Ontario Restaurant Association believes that the issue surrounding restaurants in the casinos needs to be clarified and outlined in the request for proposals document which was released to nine potential casino management firms. Without this guarantee, the foodservice industry cannot support Bill 8.

The ORA is very concerned by the inconsistencies between the economic impact study prepared by Coopers and Lybrand and statements made by government officials. In our analysis of the impact study we were very surprised by the dollar amounts outlined in the detailed operating cash flow projections contained in section 8 of the report. A copy of the cash flow projections is attached to this submission. These cash flow projections are based on a number of premises which we believe contradict statements and commitments made by the Minister of Consumer and Commercial Relations. We have received assurances from officials in the casino project office; however, we remain concerned.

As noted earlier, the minister has indicated that the restaurant and foodservice facilities contained in the casino will accommodate approximately 10% of the patrons. This was done in order to assist in encouraging tourism in Windsor and to ensure that the casino does not negatively impact existing hospitality establishments. Unfortunately, a review of cash flow projections would suggest that food and beverage services are far in excess of those suggested by previous government statements to be built within the casino. According to our calculations, the cash flow projections prepared by Coopers and Lybrand are based on foodservice facilities accommodating approximately 50% of potential customers. At this level, the likelihood of cannibalization of local restaurants is very probable.

The Ontario Restaurant Association is very concerned that small independent local hospitality establishments will face unfair competition as a result of internal casino cross-subsidization. The principal area of potential subsidization is that of wine, beer and spirits as well as foodservices. It has been stated by government officials that alcohol prices within the casino will be established in relation to other area entertainment facilities. The ORA supports this proposal related to competitive concerns, but we believe, however, that further clarification is required regarding what will comprise the local price comparison.

The ORA is further disturbed by the fact that over \$58 million has been set aside in the operation cash flow expenses to pay for complimentary expenses. This is an amount equal to over \$12 per visitor to the casino.

This suggests to the ORA that free food and free alcoholic beverages will likely be an integral part of the casino plan. If enacted, this would have a detrimental impact on restaurants through price cannibalization. The hospitality industry needs assurance that it will not face unfair competition as a result of millions of dollars of freebies being given away by the casino.

In addition to introducing casinos into Ontario, the ORA encourages the government of Ontario to introduce video lottery terminals, in particular in border regions where casinos are not being placed. We believe VLTs represent a double benefit to Ontario. Firstly, they represent a significant income stream to the government of non-tax revenue, conservatively estimated at \$400 million per year. The introduction of VLTs in controlled and LLBO-licensed establishments represents a potential source of revenue to the operation which will sustain many establishments which are struggling to survive and preserve jobs in the hospitality industry. The introduction of VLTs into licensed establishments will also provide the hospitality industry with a competitive advantage in border regions and will encourage more American cross-border travel into Ontario. This, in turn, will generate additional sales for non-licensed hospitality operators, the retail sector and other sectors catering to American visitors.

We believe the introduction of video lottery terminals is particularly important to maintain the competitiveness in areas outside of the casino region. Manitoba has effectively balanced the impact of casino gambling by introducing VLTs outside of Winnipeg. The ORA believes the government of Ontario should explore the same possibilities with VLTs.

In conclusion, Ontario's restaurant and hospitality industry is very apprehensive and concerned about the introduction of casino gambling. We are particularly concerned about the discrepancies which exist between public statements made by government officials, what is contained in the request for proposals and the premises and cash flow projections contained in the economic impact study prepared by the Coopers and Lybrand Consulting Group. We believe it is imperative that these inconsistencies be addressed and resolved before this committee completes its review of Bill 8. The ORA cannot support this legislation until the ground rules are better clarified and firmly established.

To allay the concerns of the tourism and hospitality industry, we believe provisions regarding the day-to-day operation of the casino must be included in Bill 8. We recognize that Bill 8 was designed simply as framework legislation to establish the casino corporation. However, we believe the scope of this legislation must go well beyond simply establishing the parameters. It must have true substance and must build in accountability.

The government has asked the people of Ontario to take a leap of faith on casino gambling. The least that



we can do is outline, in permanent legislation, how the casino will function and operate. Without provisions in the legislation protecting small local restaurants and hospitality establishments, the hospitality industry is being asked to roll the dice on its future. This is simply a notion we cannot support. We have already seen the devastating impact this public policy approach has had on local restaurants in Atlantic City through both customer and price cannibalization.

Unfortunately, without meaningful and enforceable safeguards in this legislation, the Ontario Restaurant Association cannot support Bill 8 in its current form. We are pleased to have had the opportunity to appear before you today to discuss our views on the development of casino gambling in Ontario. We welcome any questions you may have.

**The Chair:** Thank you. We have about four minutes per caucus.

**Mr Kwinter:** Thank you very much for your presentation. An article appeared in *Forbes* magazine on March 1, 1993, about casino gambling. It talks about the application of casino gambling in the city of New Orleans. I just want to quote a short passage from the article and get your comments as to whether you think this is a valid observation of what could happen.

The author is talking about the two proponents. He says:

"Do these people really believe their extremely optimistic projections, or are the numbers for bargaining purposes only? It's anybody's guess. In business, as in sex, it's an ancient ploy. Promise whatever it takes to land the deal and then forget the promise. Once the casino is built and people are employed, the developer will have the leverage to threaten to close down if the tax rate isn't lowered, more expenses aren't made deductible or if he's not allowed to open hotel, restaurant or retail operations in the casino."

How do you feel about that? Do you think that that's an accurate portrayal of what could happen? If you agree with it, then what purpose is there in enshrining in the legislation prohibitions against that happening?

**Mr Wasserman:** Well, because we think that the enshrining will in fact work.

1450

**Mr Paul Oliver:** If I could just answer that, I've been in contact with some my colleagues in New Orleans on this specific issue. There was the guarantee made to the hospitality industry of a 10% food ratio, the same as in Ontario, before the casino was built, because it wasn't enshrined in any legislation. We already have signs that the project there will accommodate somewhere between 40% and 60% foodservice. They didn't have it enshrined in legislation there.

We think by at least putting it into legislation here in Ontario, there will be some public accountability. It will

have to come back for public review and public debate if there are to be substantial changes such as that. It's better than not having it at all. It's been a promise that's been made to the industry by the minister, but if the minister changes or the government changes or the developer comes back with a revised proposal, we have no guarantees and there's no accountability, and we think the accountability's the key mechanism.

**Mr Phillips:** The numbers in the Coopers and Lybrand report indicate, I think, that the average daily expenditure on food and beverage is about \$10 a person who's visiting it. I don't know how you interpret that. I guess if only 10% are spending the money, then the 10% must be spending \$100 a day. In your judgement, I gather you're saying that the financial analysis is incorrect and assumes too much expenditure on food and beverage in each of these casinos, does it?

**Mr Oliver:** Yes, because it's based on potential customers, not actual customers, which are far less than the 100%. But it's also based on the same ratios as have been demonstrated in Atlantic City. In Atlantic City we've seen half of the restaurants close since casino gambling started there, because of the structure that they have and the subsidization that they have for the foodservice internally. Taking the same ratios as we have in Atlantic City and applying them here, where we are supposedly going to have different ground rules, we don't see the validity of that study.

**Mr McClelland:** Ask him how many people—

**The Chair:** What was that, Carman?

**Mr McClelland:** I was just wondering how many people are in their industry in Ottawa. How many do you represent in the Ottawa area in your industry, sir?

**Mr Wasserman:** There are 400 active members in the Ottawa area.

**Mr McClelland:** Employing how many people?

**Mr Wasserman:** I believe in excess of 20,000.

**Mr McClelland:** Thank you, Mr Chairman. I appreciate that.

**Mr Carr:** I appreciated that presentation. Thank you very much. As Monte suggested, what happens with governments trying to get support for things is they leave things out in order to deflect criticism or gain support. What happened in Windsor is that we had a lot of the people from the restaurants come in and say this is going to be a great thing, based on the assurances that they've got. Then of course what happens when it opens up is that things change because it isn't entrenched. So I commend you for trying to get things in writing from governments, and I say this non-partisan to any government.

But really what you're saying on page 4 there is that you don't trust the minister or the government to live up to the promises that they've made. Is that what you're really saying in that middle page there?

**Mr Oliver:** No, what we're saying is that we don't know what minister will be there when the casino is finally opened in two years. We don't know what government will be in office. We don't know what realities the casino management company will have once it is up and running. If they come back to the government and say, "We need this, this and this," and it's a different minister and a different government, or even the same government but a different minister, there's just no accountability there.

There's no way for public input, even on those types of fundamental changes. Giving away free beverage alcohol, for example, is a major social change, but there would be no mechanism that would require public review of it or public accountability or even public input into that decision before the government decides to head in a different direction.

**Mr Carr:** I thought it was because of the number of changes in this government's position. They didn't want casinos, then they did. They didn't want Sunday shopping, then they did. They wanted auto insurance, now they don't. But I guess that's probably not the reason that you want that in there.

**Mr Lessard:** Sounds a little bit partisan.

**Mr Carr:** No, that's not partisan.

The other issue I have relates to the customers. I think that what's going to happen if the government doesn't change its position—and I see where it's trying to get the support of the restaurant people in places like Windsor—but what I see happening is they haven't done it from a marketing standpoint. The first time they get Americans coming across, seeing that they can't get a drink, finding out that the restaurants are overcrowded because of the number of people and being told, "Well, get in a cab and go out"—I see why they want to help the people in the community, but I don't think you're going to get those people coming back. The perception is going to be: "This is Mickey Mouse. I can go to the other casinos in the US."

What do you say to people on the other side who say that if you're going to do it, you have to set it up so that you can compete with the US casinos, which offer everything from free drinks to plenty of restaurants and so on? My big fear, quite frankly, is that they will take your advice and try to limit it but that what will happen is that they won't get the US customers coming across. What do you say to people who say that if you're going to do it, do it properly so that they can compete with the US casinos?

**Mr Oliver:** Well, the government has sold this idea on a series of objectives which it has that were outlined in its request for proposals, and that is to create community economic development, create jobs, promote tourism and hospitality. I think the third one is an important thing. Especially if it's going to hurt the

hospitality industry, I think then we need to evaluate why we're even doing it.

**Mr Carr:** The government does a lot of things based on economic theories, but I can tell you, when it took office the unemployment rate was 6%; it's now well over 11%, so it hasn't been too successful in a lot of areas.

My final question is this: With the legislation as it is now, and they say they're only going with a pilot project, what is the feeling of the other communities that are out there? We've heard from some restaurant people in the Sault, obviously some in Ottawa. What are the rest of your members saying, who might not be affected by this because there won't be a casino in their area? Do they have any thoughts, or are they just saying "Good luck to you" in those areas where a casino is going to open? What is the rest of your membership saying?

**Mr Wasserman:** It's additional business for restaurants that are going to be located near a casino. They may not be positive in fact on a restaurant in the suburbs, but I don't think they would wish their fellow restaurateurs bad luck. To answer your other question, to open a casino and sacrifice 60 restaurants in Windsor probably wouldn't make a lot of sense.

**Mr Oliver:** If I could just add on to that, Manitoba went through that same problem when it was looking at opening the casino in Winnipeg, and they counterbalanced it by providing the hospitality establishments outside the city with video lottery terminals as a way to balance to make sure their traditional customers in Brandon or in Steinbach were not going into Winnipeg and spending their money there and hurting the local establishments. That was a counterbalance mechanism they put into place that seems to have worked quite well.

**Mr Carr:** What happens to some of your members who may be close to some of the racetracks? As you know, there's been a tremendous fear that we're going to lose in the horse racing industry and in some of the rural communities. I know some of them are in trouble. What may happen to a place like Fort Erie? Of course, Greenwood is shutting down. What are some of your members saying who are close to horse racing facilities?

Let's take the Windsor example. There are some people who are saying the Windsor Raceway is going to close down. Have you had any feedback from your members close to the horse racing industry that are saying: "Hey, wait a minute. Some of our friends in some of these areas may benefit, but we may lose as a result of horse racing"? Has there been any feedback from your members from that standpoint?

**Mr Oliver:** No. The only real comment we have received is that some of the hospitality operators have expressed concerns that they think the approach of the



racing industry has to change, to be updated. One of the things they're looking at with the ministry is the offtrack betting as a way to help sustain the racing industry. That's something that dovetails both the hospitality industry and the horse racing industry together.

**Mr Carr:** Mr Chairman, just very quickly—

**The Chair:** Mr Carr, your time's up. Sorry.

**Mr Carr:** This was just a commercial. I understand he has a very fine restaurant, Norm informs me. I just wanted to get that on the record.

**The Chair:** Very good. Mr Duignan.

**Mr Duignan:** The government quite agrees with your statement that the foodservice industry is a key partner in Ontario's tourism and convention industry. That's the reason, and I'll state this here again today, that we're limiting the seating capacity in the Windsor casino.

We're only talking about the Windsor casino, because there are no other plans for a casino anywhere else. It will be limited to approximately 10% of the patrons visiting that casino. That's our commitment, that's what we stand by, and we're not deviating from that one little bit. Whether it's enshrined in legislation or not, I can't guarantee that, but what I can guarantee is that at this time the government has no intention of extending the VLTs to anywhere else but the casinos.

1500

**Mr Oliver:** If I could just add, we appreciate the government's commitment on the foodservice proposals. Our only concern is that we don't know 5 or 10 years down the road what government will be in office or who the minister will be and we don't where their position is. Already, there is the example of New Orleans, where the governor gave the commitment of 10% and then, before the sod is even broken on the project, it had changed already. Our colleagues across North America are telling us, "Make sure it's entrenched in legislation, because we've had bad examples elsewhere."

**Mr Duignan:** As I said, we can guarantee you that that's our commitment and it's a commitment we're sticking to. The figures used in the Coopers and Lybrand report are Coopers and Lybrand's figures; they're not ours.

I've been asked to keep my remarks short by the Chairman here because we're running short of time.

**The Chair:** Thank you very much for presenting before the committee this afternoon.

#### CANADIAN TROTTING ASSOCIATION

**The Chair:** The next presenter we have this afternoon is Paula Burchell, first vice-president of the Canadian Trotting Association. You have 30 minutes within which to make your presentation. You might

want to field some questions from committee members. Whenever you're comfortable, please proceed.

**Ms Paula Burchell:** My name is Paula Burchell and I live in Perth, which is a town of 6,200 people 50 miles southwest of Ottawa. I come to you today as the first vice-president of the Canadian Trotting Association but, probably more importantly, as a concerned horse person. I am an owner and a trainer who is very active in the harness racing scene of eastern Ontario, and I fear for our industry's future.

Your government has made it quite clear that casinos are in the plans for the future. Your government needs the money to support the programs for the people of Ontario. But what of the consequences?

The harness racing industry in recent years has faced many competitors such as lotteries, sports betting etc, and we have held our own, considering the economic crisis in this country. Casinos will be the biggest competitor we have ever faced. What I am concerned about is that our biggest competitor is also our regulator. Harness racing, like any other business, wants only a fair playing field.

I could rhyme off all the statistics that are negative towards casinos, but I suspect you've heard them all already. Please let me say that I am in full agreement with those negative facts that have been put forth by groups like the Ontario Agriculture and Horse Racing Coalition. I know that casinos will adversely affect the harness racing industry. There is only so much disposable income out there and it can only go so thin.

The damage of casinos will not be limited to those people in harness racing like drivers, trainers, grooms, owners and breeders. It will have a trickle-down effect to the suppliers, if you will, of our industry, people like veterinarians, feed stores, feed producers and farmers. There will be approximately 50,000 jobs at stake, not to mention the \$80 million the industry pays in parimutuel taxes each year and the \$2-billion impact that harness racing has on the province's economy.

I know that Ottawa is a city that has been targeted as a site for a casino. Eastern Ontario is a very economically depressed area. Windsor is a far more affluent area with a stronger industrial base. The casino is going to hurt the Windsor track. You can only imagine what it will do to Rideau Carleton and Connaught Park, our two local tracks. In eastern Ontario we race for far less purse money than in western Ontario but our expenses remain the same.

Our industry needs help both from within and from our regulators if we are to survive. We need help with taxation levels to invite more people to invest and to keep the investors we currently have. I ask you to consider the losses that will happen in our industry when you consider the gains you perceive will happen from casinos.

**The Chair:** Thank you very much for your presentation. We have about eight minutes per caucus, and we'll start with Mr Carr.

**Mr Carr:** Thank you for your presentation. On page 2 you talked about the 50,000 jobs at stake if the government proceeds and has the casinos in the areas that they've outlined in the Coopers and Lybrand report, anywhere from Niagara Falls to the Sault and so on. How many jobs do you think will be lost in the industry?

**Ms Burchell:** In our area, in eastern Ontario, I would think upwards to 3,000, 4,000 perhaps.

**Mr Carr:** And that's including the spinoff—

**Ms Burchell:** The harness people, everything, yes.

**Mr Carr:** We heard some of the other statistics that are right across the province, in Toronto, from some of the people. I've mentioned to one of the other presenters the difference between the urban perspective and the rural. A lot of people in the urban areas are saying, "We'd like to have the jobs." They don't see the spinoff.

Do you see this really being an urban-rural split, where we're going to see some jobs come to Ottawa and Windsor and, as a result, where we're going to lose them in rural Ontario, which already is facing many problems because of the numerous problems in agriculture? Do you see it really coming down to trading jobs in the cities for jobs that are presently in—

**Ms Burchell:** I do. I think, as the reports have said, they're projecting that there will be all kinds of employment from the casinos, but I think it's going to hurt rural Ontario. There's no way that it can not hurt rural Ontario.

**Mr Carr:** If the government proceeds as it says it is, there's been some talk about how some of the changes to the tax structure may assist a little bit. If you don't get your wish in having Bill 8 killed and casinos killed in this province, would you like to see something done with the tax structure?

**Ms Burchell:** You bet. I'd like to see more money from the bet go back to the purse structure. I'd like to see more done to the Ontario sire stakes. I'd like to see small horse people like myself be able to write off more than \$5,000 a year, considering that I invest anywhere from \$25,000 to \$50,000 a year. I'd like to see us be able to get the same kinds of breaks that small business people do, because that's what I am. I'm a small business person.

**Mr Carr:** What the government has said—as you know, they've come in with some very warm, fuzzy statements saying that they will work with the horse racing industry. Quite frankly, they aren't worth the paper, because there's nothing definite. Before the passage of Bill 8, if they came in and outlined some of the things they're proposing to do and came in with

some definite solutions—and I mentioned the taxes as being one, and some of the write-offs and a couple of the other things. Would you like to see the government negotiating with the people in the horse racing community to do something like this before the passage of the bill, and, if you do, do you think we're going to be able to keep some of those jobs that will be lost otherwise?

**Ms Burchell:** I would like to see the government negotiate with all the various horse associations. I think it's necessary. I think we've got to be able to try to achieve everybody's aims. My association's aim is to keep the industry alive. The government's is to supply money to support its programs. I think if we do this, we can all win—maybe not as much as each group would like, but I think we can. I was involved in a meeting with Minister Churley in April. At that time, she spoke of round table discussions. There haven't been any. I'm very disappointed.

**Mr Carr:** I didn't realize that because, as you know, we've heard even the minister come in and say they're going to work together, although we'd also heard from the people of the first nations. She said they were going to have negotiations with them, and they haven't come about either. I think sometimes ministers throw around the words "negotiation" and "consultation" rather loosely. I am depressed to hear that, but I hope there will be some type of solution that can be worked out. Rest assured—and I think I speak for the other opposition parties—that we'll be pushing the government on that initiative as well. Good luck to you and to your industry.

**Mr Sterling:** Thank you very much for coming in front of our committee. I am a former owner of three standardbred horses, none of which were very successful. I can understand your concern with regard to your industry. I think one of the things that members of the committee, particularly those who come from urban areas, should understand is the importance of the horse racing industry to the agricultural infrastructure of Ontario. The horse racing industry, for instance—I was on another committee earlier this week and a gentleman from Lanark county, Al Dobie—maybe you know him.

**Ms Burchell:** Yes.

**Mr Sterling:** Al Dobie was speaking on the stable funding issue in front of the resources committee, I believe it was, of our Legislature. Al Dobie was talking as a farmer about what he did. He said, "My major crop"—he's a cash cropper—"was the sale of hay to horsemen," presumably up in Lanark county and in the Ottawa Valley. But what is very, very important to not only your community but also to the dairy farmers, to the hog farmers, to the livestock people, is that the people who are in the seed and feed business and who are in the farm machinery implement business have enough of a base to continue to operate and provide all those other people with the services which are very



important to be close and timely. Perhaps part of your pitch on this should be related to that.

1510

The second part: When I first was elected, I represented Grenville county, and there are several horsemen down in that area. There are some in the area that I still represent, in Carleton, on the outskirts of Ottawa-Carleton, but particularly in the areas as you get further and further from the mass of population, and the very important cultural part and heritage that horse racing has been in Ontario. If harness horse racing is killed in this province, we're going to lose a valuable part of our history and something which is really quite important to a lot of people in rural Ontario yet. It's still a very, very important part of their life.

**Ms Burchell:** I myself am third-generation involved with harness racing.

**Mr Sterling:** Yes. One of the most unfortunate parts, I think, if harness horse racing goes down the tubes, so to speak, is that people who are marginally employable in other areas will lose all of their self-esteem, their ability to go out and be useful in terms of earning a living if this is gone. I'm sure you've experienced that.

**Ms Burchell:** Yes, I have, and this is one thing I want the government to be aware of, that our losses will be a drain on its budgets. Right now we have people who are employed, but if the harness racing game goes down, there are going to be a lot more people on welfare, on unemployment. It's going to be a bigger drain. Where does it stop then? Where do we stop trying to generate money? At what cost?

**Mr Martin:** Thank you for coming before the committee. You certainly raise an issue that has been raised before and that we are very cognizant of and probably more knowledgeable of because of the presentations made by yourself and your colleagues.

I wanted to explore with you a little bit the whole issue of competition and the fact that gaming in North America is an industry, a business, in many significant ways. Certainly, casino gaming is something that's coming on the scene more and more in the North American jurisdiction, and this is Ontario's attempt to get in on that industry and how we do that, I guess, and how we bring it in so that it does in fact bring the positive ramifications that could come with it and somehow minimize some of the other downside. Certainly, in your instance you've presented your case very clearly.

I guess my own experience of that is that one of the major industries in my community faced some pretty stiff competition in the steel market, and we faced the possibility of losing thousands of jobs. Certainly, the government became a partner with that industry and its employees to come up with some new and creative

ways to restructure and to in fact have that business declare a profit for the first time in a number of years the last quarter. The government were not the first people in there. The government was certainly there, but it was the employees and the industry itself that came together and then, with the government, came up with some new ideas.

I guess next to saying no to a piece of the industry coming in, what would you suggest we do that might be helpful to your industry at this point? If there was, say, a round table, what kinds of things would you bring to it besides the lowering of taxes? We've heard that one before and certainly understand what it means. Is there anything else that we could be doing?

**Ms Burchell:** I think because both provincially and federally the governments take so much money from our industry—let's not forget that harness racing was the first parimutuel and had sole ownership of parimutuel wagering in Canada for many years, and we're still taxed at that level even though there are many different ways out there to wager today.

I think if the government wants to maintain the cash flow that we, harness racing, supply into its general coffers, it's got to become part of the game and help, be it through tax breaks to our breeders, be it through supporting the breeding program in Ontario. Any kind of break that you can give a steel industry, you can give the harness racing industry. That's the kind of thing we're after.

**Mr Martin:** Although it wasn't breaks so much that they gave the steel industry as challenging the steel industry itself to restructure the way that it did business so that its bottom line was different.

**Ms Burchell:** There is room within the harness racing industry for us to do that.

**Mr Sterling:** A big, big cheque.

**Mr Martin:** No, no, a guaranteed loan. And, yes, that's part of what we do re businesses.

**Ms Burchell:** And that's great. We'd love that. We'd take that, no problem.

**Mr Martin:** I guess what I'm suggesting is, what else could we do besides that, if you were invited to the table? Like I said, we heard the tax piece before and we certainly understand that and we know that's a lever that we have control over, but what else could we do?

**Ms Burchell:** I know from the meeting that I had with Minister Churley earlier in the spring that she spoke quite highly of the program that had been done for the Ontario grape and wine producers and how much good had been done. And it's true I drink more Ontario wines today than I ever have before. I don't know what all was done, what all concessions were given, what all teamwork was involved to bring forth Ontario wines, but why could we not apply the same things to the harness racing industry?

I know we need to do some work ourselves inside our own industry, but I guess what I'm saying is, from limited knowledge, I'm not sure what all the government can do for us. I hope they can. I know we can do a lot for ourselves. I think we're willing to do that, but we need cooperation. We need to have the round table discussions. They were promised. I haven't seen one yet.

**Mr Martin:** I guess I suggest to you that if they were, they will probably come and, with you, I would hope sooner than later.

**Ms Burchell:** Yes.

**Mr Martin:** Just one other question that I've wanted to ask for a little bit, because I sat at home one Sunday afternoon watching the Breeders Stakes on television. I was quite excited about that race and what it was about and everything but was very disappointed that there were only—what?—four horses running that race.

**Ms Burchell:** Yes. That was unfortunate.

**Mr Sterling:** That's thoroughbred; that's not harness racing.

**Ms Burchell:** That's true too.

**Mr Martin:** No, I know, but it's racing. I lumped them all together because I'm not that—but in the racing industry, whether thoroughbred or the harness racing, they've all been coming forward and saying the same things. I know in my own community there's a casino across the river and the folks across there aren't afraid of the fact that we might get one some day in Sault Ste Marie, Canada. They see it—

**Ms Burchell:** There's not a track there either.

**Mr Martin:** No, but there is one in Sudbury, and we have the tele-betting business there. They see it as adding to that—I forget the word now, but that massive attraction that will bring some people in and give people all kinds of things to do while they are there and all of that.

In light of the Breeders and I think a missed opportunity there at that point because of the four horses that were in that race to really create some excitement and have an event that was top-notch, do you not see any way that instead of seeing casinos as a threat, we could perhaps put together a package that included casinos, horse racing and the racing that you are more intimately involved in, in some way to bring more dollars into the province from outside so that everybody could do well in the end?

1520

**Ms Burchell:** I will say I'm fundamentally against casinos. The only possible way I could see them helping the harness racing industry was if they were to be held at harness tracks and the horse men negotiate, as we have negotiated now with simulcast betting, that we get a cut for our purse pool. That's the only way. I don't want to see that happen, but that's better than nothing.

That's better than going head to head with them: for the racetrack owners to have the casinos in their own facilities and the horse men to get a cut and they not go head to head with live harness racing or simulcast racing. If a track wants to race five nights a week, then on their dark nights that's when the casino runs and that's it. Even that I don't want to see happen. I'm fundamentally against them, because anywhere in the United States where there have been casinos put against harness racing, it dies.

**Mr Kwinter:** Ms Burchell, I want to follow up on exactly that same area. Every representation that has been made to us by the horse racing-breeding industry has indicated that studies show that when a casino comes into a jurisdiction, it impacts negatively on the horse racing-breeding industry. In the requests for a proposal, it says,

"Proponents must outline a strategy that indicates how the casino complex and the Windsor Raceway can work together for their mutual benefit, since the ministry expects the casino complex to work cooperatively with the Windsor Raceway, in particular, and to be sensitive to the Ontario horse racing industry, in general. Strategies for marketing and operations based on cooperation and collaboration should be included in proposals."

From what you've just said, that is something that isn't going to happen or can't happen because of the almost adversarial relationship or the competitive relationship between horse racing and breeding and casinos.

**Ms Burchell:** This is my personal opinion. This is not anyone's official line.

**Mr Kwinter:** What possible response could there be from the proponent that would go some way to alleviate your concerns or to satisfy you, other than what you've just stated, that they take the whole casino and put it at the track and cooperate in the operation?

**Ms Burchell:** The idea of cooperation is all a very rosy and nice and warm and fuzzy feeling, but how would you like the CFL and the NHL to sit down and have to do the same thing? How much cooperation would happen between those two types of groups? We're out there all fighting for the same entertainment dollar, and we're out there trying to survive. I'd like to see the cooperation happen. I think it can happen, but whether it does will depend on individuals and it will depend on how much money, bottom line, people want to put into coffers.

**Mr Kwinter:** When you say the cooperation can happen, what form would that cooperation take that would be meaningful?

**Ms Burchell:** Well, you'd have to sit down and talk, and I guess, in my opinion, the harness track would have to say, particularly if we're going to talk Windsor,



"Okay, on Windsor we race  $x$  number of dates. We do not want to go head to head with the casino. If we race afternoons, you run at night. If we race at night, you run in the afternoons," but not go head to head.

**Mr Kwinter:** Your recommendation would be that on the days that there's harness racing, casinos close down.

**Ms Burchell:** I don't want to see casinos at all. Again I'll say that, but yes, that would be better than running head to head against them.

**Mr Kwinter:** The problem that I have with this thing, and I've mentioned it several times, is that this proposal envisions a Mother Teresa coming to Windsor and it's going to be all benevolent and it's going to go out and look after the horse racing industry and it's going to look after the people who are addicted to gambling and it's going to make sure that St Clair College gets its training component and it's going to make sure that all the restaurants and all the hotels are out there prospering and doing all of these wonderful things before they start trying to generate profits in their various profit centres. I just don't think that's a practical approach, given the fact that you're asking an investor to invest an incredible amount of money and to expect to get a reasonable return on his investment, and then you're saying to him, "Not only do you have to do that, and we're going to take 20% of the win take as tax, but we want to make sure that you look after all of these other things." I just don't think that's a practical approach.

**Ms Burchell:** Yes, Mother Teresa's ill too, is she not?

**Mr Kwinter:** Yes. Do you have any reaction to that?

**Ms Burchell:** I agree. If I was an investor, I would say I'm in to run it for a business, I'm in to make profit, not to mollycoddle anyone else.

**The Chair:** Thank you very much, Ms Burchell, for presenting before the committee this afternoon.

**Ms Burchell:** Thank you very much.

#### BANK STREET PROMENADE

**The Chair:** Our next presenter is Gerry LePage, executive director of Bank Street Promenade. Please make yourself comfortable. You have 30 minutes within which to make your presentation and field questions from the committee members. Whenever you're ready, please proceed.

**Mr Gerry LePage:** Thank you. First of all, we're a trade area, a business improvement area, much like Sparks Street, and we have a natural linkage from I guess their east-west corridor. We're going north-south on Wellington Street, right off Wellington Street on Bank Street for 15 blocks. So certainly we have a vested interest in this.

However, I guess I'd like to begin by saying that I'm

really kind of tired of having this issue polarized by the good and the bad of gambling, and I point to this small article that appeared in the Ottawa Citizen last night that says, "Gambling Fans and Foes Make Case at Hearing."

I can tell you that I'm neither really a proponent of gambling nor an opponent of gambling, but I am a proponent of economic stimulus, I am a proponent of job creation, and I think this is what this whole scenario is about: How do we provide some economic stimulus, especially in central core areas? I don't want to get caught up in the evils or the goods of gambling per se. I think that's inappropriate. What I'm looking at is employment trends, and what the Conference Board of Canada says is that right now there's a devolution of manufacturing as we know it in this country and particularly in Ontario. I think that's well documented. Nobody needs to be reminded of that. Yet there seems to be and there is going to be and will continue to be an increase in service sector employment. That's what this is about: long-term employment opportunities and economic stimulus.

Need I remind anybody on this panel—I'm sure sitting in Queen's Park you're well aware—that many areas, especially central core areas, have been pummelled by a recession, have been berated by antiquated tax systems such as market value assessment, and because of the shifts, many of the downtown areas have felt those shifts much more than other areas. We see reduced federal transfer payments, reduced provincial transfer payments. As a consequence, we see increased municipal taxes, increased school board taxes. This is a scenario that is on the precipice of disaster, not only for Ontario but most definitely for Canada.

What are we doing about it? We're trying to create jobs. We're trying to bring back that suburban sprawl with infill. We're trying to expropriate and expedite planning processes. We're trying to provide quantifiable economic stimulus for a city. We're not proponents and saying, "Jeez, we want gambling because," and then the ramifications of that are prostitution and so on and so forth. That's really academic. What people want are jobs, and I think that's what the government of the day is committed to. We have to look at the other programs that you're into here.

What's kind of disturbed me is the vacillation that I've seen by government on this somewhat. It's kind of like being partly pregnant, and I'd like to know how you accomplish that. I mean, either you're in this game or you're not in this game, but you can't be sort of in this game.

I guess what we're looking for is a commitment one way or the other, because these people you see before you, whether it's a casino or whether it's Carnival Cruise or whether it's a developer from Montreal or whether it's a BIA manager, are themselves gambling

with their time, their money, their efforts, and for what? A carrot at the end of a stick. That's what we're looking at here.

We're saying, let's not have an exclusive policy—for any NDPers who happen to be sitting around the table, certainly I believe that goes against your grain—let's have an inclusive policy. Let's not say Windsor is going to be the magic city that gets this. Let's do much like we did with special status for tourist designations: set up a decision matrix, set up criteria, and if an area fits that criteria, fulfils its obligations under that, then for all intents and purposes it should be granted a licence to operate.

In regard to casinos, no, they're not the panacea to our problems, most definitely not, but they are a component and an equation, and I think that's what we have to look at.

Another disturbing fact is that the approach the government is taking, at least the perception of the approach the government is taking, is an all or nothing approach, 13 acres in Windsor, this Wally World type of scenario or nothing.

I say to you, is it not more practical to implement a large model and a small model parallel to each other so you can make a comparative analysis? What if the large model, what if the Taj Mahal fails? Does that ultimately mean that reduces the chances of any other city acquiring this type of gaming house? Isn't it more practical, isn't it more feasible in the long term to open up two, one on one side of the scale, very large, the other downsized?

1530

Ladies and gentlemen, maybe your participation in this particular sector is a middle of the road participation. Maybe it's not an everything to everybody type of scenario. Maybe it is a smaller gaming house, or maybe it's somewhere in between. But I think from a practical standpoint, here we have commitments from the city, we have commitments from developers, we have a commitment from a board of directors of an area who say: "Let us go ahead with this. Let us proceed with this parallel to Windsor's. Let us make a comparative analysis rather than a singular analysis." As we know, in any formal education, a singular analysis can be terribly skewed and can set you off in the wrong direction, give you the wrong cues and ultimately end up negating what could very well be extremely beneficial for a community.

Now, why are we at this table? What do we have as a vested interest? Do we want to see, supposedly, this prostitution and organized crime near our area? We're in very close proximity to Sparks Street.

Well, let's look at that. I understand that we had a councillor come forward yesterday before this committee talking about prostitution, talking about, "We'll need

more police forces." I submit to you that, first and foremost, prostitution is a social problem that has never and will never be solved by a criminal justice solution. So to try to provide that direct linkage here and say one goes hand in hand, I just don't think that works. As a matter of fact, our own city council is wrestling with that today as we sit here. They have a prostitution problem in the Byward Market. By the way, there are no casinos there. It's a mixed commercial area, very trendy, yet there are prostitutes there. And what they're looking at is a traffic solution, rerouting traffic, to a social problem. Does anybody really honestly believe that will work any more than the criminal justice system has worked in solving prostitution? No.

So I ask this committee to separate their feelings on this, to not have a bias, to not look at one and the other in an inextricable manner that are ultimately tied together, because that simply is not the truth. As a matter of fact, if any of you have been to Las Vegas or Atlantic City, perhaps you see prostitutes at the large gaming houses. I've been to Las Vegas, and I can honestly say that in the smaller houses maybe they're completely innocuous, because I don't see them in the smaller houses, or at least what I perceive as a prostitute. So maybe the answer is a smaller gaming house rather than this huge complex.

What I'm saying on behalf of our 524 business members representing an employment base of I guess 40,000 people in the central area is that while this is not a panacea, they are on a precipice. They are on a precipice of going out of business, of losing mortgages, of putting a greater social burden on all the programs—unemployment, social programs, welfare—and that is a one-time sunk cost.

So we ask you, please, make up your mind whether you're in this or you're out of it. Make up your mind whether you want to go with one comparison or you want to take a practical and realistic approach and do a comparative analysis, and for God's sake let's get on with the creation of jobs, which I think everybody in this room agrees is the mandate of this government.

**The Chair:** Thank you very much for a very thoughtful and insightful presentation. We have about eight minutes per caucus. We'll start with Mr Duignan.

**Mr Duignan:** Very briefly, just for the record again, at this point in time there's going to be just the one pilot project casino and that's in the Windsor area.

**Mr LePage:** There's no questions?

**The Chair:** Well, we won't have a free-for-all, but certainly Mr Carr.

**Mr Carr:** I just have one short question. You say it comes down to the issue of jobs. I don't know if you were here when the lady before presented, but I'll quote. What she's concerned about is the people in the horse racing industry, and to quote her brief, she says,



"There will be 50,000 jobs at stake." Appreciating that you're interested in the jobs in the Ottawa area, what do you say to the lady who was in before you who says that by opening casinos, we're going to be killing the horse racing industry?

**Mr LePage:** Well, I submit, has Ma Bell gone down the tubes because she's had, and continues to have, competition through other carriers on her lines? No, competition is healthy. If you look at the gaming industry as a whole, did the province have the same consideration when it entered the Lotto games?

Most definitely, if you look at the entertainment dollars, the discretionary part of spending, one would have to consider that this would be part of that same discretionary dollar to spend on entertainment or gaming. So I guess what I'm saying is, I don't believe that's going to happen. I think if someone's predisposed to gambling at a racetrack, then that is their particular type of gaming that they enjoy. Other people might enjoy roulette or blackjack, but I guess it's a question of rounding it out.

I guess it's a question of complementary services or gaming services being offered. I don't think a monopoly or an oligopoly is healthy for any economy, and I wouldn't advocate that, whether it's for Ma Bell or whether it's for the horse racing industry.

**Mr Carr:** What do you say to the horse racing industry which, as the previous lady said, in every other jurisdiction in North America where horse racing has gone head-to-head with casinos, has lost? She doesn't believe they both are going to survive. Do you think we're going to be different from what's happened in other jurisdictions?

**Mr LePage:** I think the pragmatic approach that the government is taking suggests that there are going to be some significant differences, and I think that's all part of the problem-solving that has to do with the process of undertaking this type of facility in the province.

Nevertheless, irrespective of what we're looking at there, I'd still submit that monopoly is not healthy for an economy, and if people so wish to entertain themselves by going to a gaming facility such as a casino, that will be determined on how well the horse racing market can compete for that discretionary dollar, and that's what it comes down to.

I submit that ultimately who the winner is going to be here is the consumer, because perhaps the horse racing industry will come up with innovative ideas that will make it more attractive for consumers, and conversely casinos will be very well aware that the horse racing industry is doing this and will offset that by their own market advantages. So I think that type of competition historically has proven, in whatever context, whatever sector, whatever industry, ultimately healthy for the consumer.

**Mr Carr:** Thanks.

**The Chair:** Mr McClelland?

**Mr McClelland:** I don't have any questions. I think your position was put forward very well, forcefully and well thought out. Thanks. I think you raise a number of thought-provoking issues in terms of: If you're going to do it, you're going to do it full-scale and do it right, make sure it's done with a business plan and some business acumen brought to it, not on the site-specific but on the macro scale, in terms of province-wide.

What more can I add? I think you raised the issues that need to be addressed, need to be answered, and I'm certainly not in a position to answer them other than to just re-ask, I suppose, my friends in government and hopefully we'll have the answers forthcoming.

**The Chair:** Thank you, Mr LePage, for presenting before the committee this afternoon. Indeed, you did offer some very interesting points with regard to Bill 8 and casinos in the province of Ontario.

**Mr LePage:** Thank you very much.

#### CASINO TURMEL

**The Chair:** Our next presenter this afternoon is John Turmel, representing Casino Turmel. If you would please come forward, sir, and make yourself comfortable, you have 30 minutes within which to make your presentation and field questions from the committee members.

**Mr John Turmel:** Did you say 15?

**The Chair:** I said 30, and whenever you're comfortable, you may please proceed.

**Mr Turmel:** Okay. Well, I do have a submission that I've given everybody if they want to follow it along. I propose to read it and digress, and if someone has a question, throw it in, because I'll be short in my answers and we can continue on. So don't feel any worry about interrupting.

I am the only systems engineer in Canada to have specialized in the mathematics of gambling. I've been accredited as an expert witness in matters related to gambling on numerous occasions before the Ontario and Quebec provincial courts. I was once even used by the crown. I have operated poker and blackjack games in the Ottawa area for the past 20 years and was six times convicted, before finally being acquitted of running an honest game. All judges said, "He's honest," but six said, "He's guilty."

In April 1989, upon an agreed statement of facts, Ontario Provincial Court judges Fontana and Lennox dismissed charges of operating a gaming house against John Turmel and the found-ins. Under the scrutiny of the OPP and Ottawa police, Casino Turmel in Ottawa operated legal card games of skill such as poker, with no rakeoff; blackjack, where they could bank me back; gin rummy, for over a year and a half.

1540

In December 1991, OPP undercover officer Joe Fotia twice investigated the blackjack and poker games held in my home and filed no charges.

Five months later, after I'd started a small blackjack and poker games room on Baxter Road in Ottawa, with five blackjack and three poker tables, and employing 14 staff, Cardinal Agency, a charity casino operator, complained to the police that he couldn't compete. Of course, I'm not blaming him. He wrote and said: "How come Turmel can be running casinos and I have to pay for licences? How does he do it? If he's doing it in some legal way, I want to do it too, and if he's not, bust him."

Again, Officer Joe Fotia investigated my games of poker and blackjack 10 times during the months of June and July 1992. Again, no charges were filed.

Five months later, after I'd started a larger casino at the Topaz entertainment plaza on St Laurent Boulevard in Ottawa, with 20 blackjack tables and six poker tables, operating 24 hours a day, seven days a week, employing over 100 butler-dealers, Ottawa police investigated five times in January 1993 and filed no charges.

Between that point, I did announce at a Toronto press conference that I was going to expand and start these types of poker and blackjack clubs in Toronto, Niagara Falls and Brockville. I'll go into why the American market is important for Niagara Falls and Brockville.

I'd also point out that Peter Kormos came when he heard about my wanting to set up in Niagara Falls and examined the operation at Topaz. So if you want to know as to the professional attitudes and the quality of it, he's a man who actually came and investigated, knowing I was coming to his community.

As for why Toronto, I did start a casino in Toronto last year, early in the year, but the police, in February, threatened to lay the gaming house charges regardless of the judges' decisions that had acquitted me. So I chose to shut down and get some legal opinions, and then I announced I was going to open up again.

Two months later, though, the Ottawa police and the OPP started a combined investigation. This time, they changed their minds. They launched Project Robin Hood—that's what they called it; in Hull two years ago they called it Operation Blackjack—and they laid charges. If justice prevails, I'll be acquitted again. As a matter of fact, the pre-trial is coming up September 27 in front of the same judge who acquitted me the first time. For the lawyers in the room, there's going to be one of these rare *autrefois* acquit pleas going on before the same judge who acquitted me last time. So a rarity is happening on September 27.

If I do win, small card casinos won't be stoppable. You're going to have to face bridge clubs that have money tournaments, you're going to have to face poker

clubs with no rakeoff, and of course you'll have to face these types of casinos of legal games, because it seems the focus so far has been on the types of games that large casinos offer. They cannot compete with the small ones for several reasons soon coming out. And if I do win, the province should get ready to handle the increased tax revenues that we'll generate unimpeded.

The jobs I created paid approximately \$40,000 a year with tips, so they were substantial and people loved them, frankly. This \$4-million yearly payroll represented less than full capacity. At full capacity, there would have been 150 to 200 Ottawa jobs with that number of tables I listed. Card players were being bused in from Montreal four times a week, with more travel agents, one from the US, planning more tours.

After deductions and taxes, government will always reap more than half of all the money won if it's done by private enterprise, yet my Canadian model of small and medium mom-and-pop-style casinos, "Cheers with chips" is how I like to explain it—

**Mr McClelland:** Everybody knows your name.

**Mr Turmel:** —would allow jobs and winnings to stay in the community rather than have them all channelled to a few large cities.

It's been said that gambling would attract drugs, prostitution and organized crime. I can only point out that though they're already here—let's get that straight; they're already here; this is not going to attract much more than the market's already handling—I didn't find them to be problems at my games. If a guy wants to come doing drugs, he won't have money tomorrow night to either play or do drugs. You find most people who do play games of skill aren't the ones who want to be impaired. If you can get them off those games where they don't need their brains, like lotteries, bingos, craps, things like that, and get them on to blackjack and cards, even more reason you're not attracting people who want to do drugs or alcohol.

As a matter of fact, we have no alcohol, though I must admit in the past, when I ran it in my home, I had a fridge full of beer. But since I've gotten larger I've decided the problems with alcohol are too much and you don't need drunken people losing their money sorely. So it's turned into more of a bridge club atmosphere by not having alcohol. Whether or not the government's going to allow it, like the big casinos, I have no real opinion on. If you've got a lot of security guards, I guess it can't hurt, but if you want to do it economically and cheaply, then you don't need security guards and you don't want alcohol.

So "Cheers with chips" would allow the money and the jobs to stay right in the community where the money's lost. It's been said that gambling would attract them. They're already here. I haven't found it to be a problem. I think this has largely been a result of the



large number of elderly players who actually prefer \$5- and \$10-maximum poker and blackjack to bingos and lotteries.

I have an 86-year-old man who plays \$5 poker. Every Saturday, we have a busload coming in from Montreal and you'd think it was the geriatric ward of the city. Literally, it's the same old people who drive all the way from Montreal by bus to sit down and play poker with each other for eight hours before driving back. I mean, it's actually very cute, you know, and it's a nice way for the employees to make a living.

Believe it, old people can still use their brains at that age, especially with the games I've designed. Blackjack's pretty simple—count to 21; most people still can—but poker, most people have difficulty playing stud games because you have to watch all these hands out there and keep track of the cards and it's a problem. But this most popular game in the world right now, called Hold 'em, has only two cards in your hand and five in the middle. It's a seven stud. That way, the old people only have to look at their two cards and the five in the middle and see how they mesh—they don't have to do anything else—and listen to the betting.

I'm sure you can't see this kind of intermingling between old generations and young generations, and it's actually quite wonderful to see. I'm sure you see it in Las Vegas if you visit the poker pits at the small stakes, and I think we should have that here too because, frankly, exercising the brain seems to keep these people sharp. I've seen people at 60 years old—I play accordion in old folks' homes. When I was convicted in 1981, they let me out of jail if I played concerts in the old folks' homes, and I can say that a lot of people at 60 years old can't do very much, but these people are bright. When they get a pair of aces, it's the same rush; try and trap them.

Anyway, because of all these elderly people who do come, it would be quite difficult for either drug pushers or prostitutes to approach gamblers in such a setting, where such activities would quickly be detected and frowned upon. There were no drug or prostitution charges or allegations in Project Robin Hood.

I've demonstrated that my type of small casino has experienced no trouble over the last 15 months, much as any bridge director could attest that bridge tournaments are relatively incident-free. The presence of cash in no way renders the gambling at bridge any more detrimental to the public peace. Similarly, gambling at poker, blackjack, euchre—that's another hot tournament game coming up soon—and gin are quite peaceful activities.

As for organized crime, they wouldn't be too interested in small operations with profit levels more in tune with small businesses and, frankly, my profit at the end of all my thing was in the neighbourhood of about 10% of the total winnings that came in. After all expenses and all that kind of stuff, I'll be left with 10%—it's

20%, but the government takes half. No way in the world am I making as much as Wayne Gretzky or even a large auto dealer, so it's not as lucrative as most people think, but still it's an entertaining and enjoyable way of making a living. I could sit at the poker table for 20 hours a day and love it and be happy and pay the rent. Anyway, organized crime, we've had no hints whatsoever, no pressures, nothing like that.

As for the compulsive gamblers, the personal neighbourhood touch also allows for recognition and help to abusers, which larger and personal casinos cannot do. It's pretty tough for an abuser to hide the fact when a niece or a nephew is working at the next table, and if it's in a small town you bet some kin are going to be working in the casino, so that uncle Jerry can't come and blow his brains out without Aunt Millie finding out, or the kid standing up and saying, "Bar him from the casino."

#### 1550

I can attest that not only have I and other management personnel spoken with abusers, but so have many of the new friends they've made. So friends actually speak up and warn people about this too. No one wants to see them quit the game, but everybody wants to see them playing at stakes they can afford. I have personally barred abusers; I have imposed conditions on others. Some I only buy in once for a set amount, \$200, and if they lose it they're gone. Others are restricted to a certain maximum bet, \$10, \$15, \$25. Some have fixed hours, "You've got to go home at midnight because you work in the morning; the wife gets mad if you come in late," and several may not play unless accompanied by the spouse. Frankly, that is the ideal solution. When the spouse comes with the abuser and is sitting at the same table, his gambling is always under control.

So I've found very few problems in that respect. I do have a database of 4,500 gamblers who have played with me and through my doors, and I'd say that I can probably count the abusers on my hands. Besides, the real abusers make great employees.

The Citizen had a big article about my casino and it mentioned that this poor guy had to take a job at Casino Turmel when he lost all his money. The point is, I took care of the abuser. Here's a guy who loved the industry. He can only play a little bit. The management makes sure that he can't play with his rent money. So he's got himself a 40-grand-a-year job and he's under control.

I found, frankly, that those people who did lose control are the ones who understand the games implicitly and then enjoy being on the other side of the table. It seems to satiate their desire. They're at least in the action, participating in some way. So all those people out there at Gamblers Anonymous, come see Casino Turmel. I bet you'll be a good dealer.

I further believe that the curse of gambling is, with few exceptions, the acceptance of cheques and the

extension of credit by the house. Problems arise when the gambler is losing and goes on tilt. If the game takes his cheques, he could lose all his savings in the heat of the moment. I will not take a cheque and let a person use funds in his chequing account unless the players are such high rollers as to make the transfers of cash impractical. Frankly, in the second-last month before they raided me, one guy hit me for a quarter of a million dollars. That's a \$300 limit, seven hands, betting maximum all the way over the space of three weeks. You need a huge bankroll to sustain those types of limits, but again, this is the type of action that you just can't do in cash. You have to pay in cheques, and that's safer too. If I had my choice, I'd rather it was all done by cheque. Of course the government's happy; they know everything I win, and we're not going to get robbed. Who needs security?

I didn't put it in here, but you might make a note that possible total credit might be an answer to the abusers. You know, you either have a chequing account that's been okayed for gambling, in some way—and the banks would love to open a new set of accounts, right? In that way it can be controlled. There are ways to control them in the smaller communities that are totally unavailable in the large, impersonal casinos. Anyway, without access to their chequing accounts, gamblers can never lose more than they were prepared to lose when they came to play, and I found very few problems with that policy.

Worse problems arise if the game extends credit. I've extended credit over many years and I've had to write off a lot. I learned my lesson, as I have no stomach for chasing people who have evidently hurt themselves. Any hint of strong-arm policies is eliminated without credit. I therefore will not extend credit, and again, players cannot lose more than they were prepared to lose when they came to play.

There are now five other Turmel-style casinos in Ottawa, with three having opened after the Project Robin Hood raid, so they're all counting on my winning my case again. Unfortunately, they do not adhere to my credit and cheque policies—a little mistake there—and I cannot say that those problems will not arise, but to date their mere unobtrusiveness is an indication that such industry can be competently and quietly done.

I further believe that the larger casinos cannot compete with the small neighbourhood games people have access to already. Men who regularly play poker at their golf or social clubs—and I would bet that if any of you guys play poker at your clubs, you'll understand—will not be attracted to the large casinos and will inevitably prefer a setting of their own choosing and games of their own choice. They might go to the big downtown casino once in awhile, but most will stay at the neighbourhood game.

The problems with big casinos are immediately

evident. The August 24, 1993, Ottawa Citizen article entitled, "Angry Horsemen Rein on Casino Hearing Parade," points out that if the Chippewa Indian tribe in Detroit opens a casino, the Windsor casino will not be viable and a large investment will fail. On the other hand, if several small, Turmel-sized casinos were about to be put in operation, one or two might go under but not the whole industry. There's no need to put all our eggs in one basket.

I further believe that the proposed Windsor casino test site will in no way be indicative of what would actually go on, since it seems to be the case of it being run by Americans for the American market. I bet the ratio of people familiar with guns who visit Windsor from the murder capital of the USA will be far higher than that for Ottawa.

I'd further point out the awesome potential of money bridge tournaments. Such a tournament was recently held in a US casino and has the potential of being the all-time largest gambling game. Now, I host—I've got it here—the annual Canadian Open Hold 'em Poker Championship, which last year had over \$80,000 in prize money, and I believe that such purses will be dwarfed by the purses created by large bridge tournaments.

I've been holding these tournaments for about eight years now. Last year, we had entrants from the United States, Quebec, Toronto, Winnipeg, the east coast. This is a large tournament now, and as long as I don't take a rakeoff, even if I don't have my permanent Casino Turmel setting, I can still run it in a hotel like I always used to originally. I'm saying it's just a matter of time, as long as I don't take a rake and make a profit. Of course, I always come in the money, so you know—"always," no—I usually come in the money in these tournaments, so I'll organize them as often as I can. As long as I don't make any profits and the winners cover the tab—I've had these investigated by the police and pronounced fine, so like Denny Binnion, who owns the world series of poker in Las Vegas, John Turmel owns the Canada championship here, and I don't intend to give it up as long as I have the wherewithal to do it once a year.

Anyway, I think that bridge is coming and I just might decide to try and host one of these massive tournaments. Being from Toronto, you must be aware of these 5,000-person bridge tournaments that take place down there. There are 5,000 people at a bridge tournament seeking master points, simple recognition. Just imagine it. If everybody put up \$100 into the pot, or \$200 like we do at poker, you'd be looking at a half-million-dollar prize and now people would really have a thrill. As long as there's no rake going to the house, this is going to be explosive.

This kind of activity can't be stopped. People are always going to choose to use their brains. As a matter



of fact—a short one-minute digression—I wrote a poem when I was thrown in jail about 10 years ago on this problem. I was sitting in a jail cell, they gave me a pen and paper and I wrote:

Here I sit, broken hearted.  
 Came to play, but was soon parted  
 From my friends that I do know  
 Enjoy this game as I do so.  
 Now I languish here in jail,  
 Puzzled by my need of bail.  
 I don't know why they oppose  
 My wish to gamble; no one knows.  
 I don't hurt them. Why bust me?  
 It isn't their game, now I see.  
 They allow bingos or tickets bought  
 But never, never a game of thought.  
 Bingos bore me, lotteries too.  
 Give me poker, blackjack, backgammon too.  
 I prefer thought, exercise my brain,  
 Playing lotteries would drive me insane.  
 So I choose to make use of my mind  
 And pity those who won't in kind.  
 So I'm in here and they're out there,  
 Yet still I choose to think, to dare.  
 By the way, I was convicted.

Anyway, money bridge is going to be big. Just ask any of your bridge-playing friends if they wouldn't love a bridge tournament where everybody puts in \$100. It's coming.

Now the reason Canada will have great initial success in luring American gamblers, and I found this, is because they're taxed 30% of their winnings right at the casino, whereas here gambling winnings to non-professionals are treated as a non-taxable windfall and they get to keep it all.

Two chartered flights of gamblers used to leave Ottawa for Atlantic City every month; now there are none, with American card players coming this way. Or they were: They must still be going to the other five casinos, because they've hired all my dealers, so word's spread anyway. That's true; most of my dealers have found employment with the other five casinos in town. A lot of people in town think it's unfair that they're just using me as a test case, and I think they have a real weak case too. Keep an ear out on the media and see if they cover it well.

Now there are none of these, and if the quiet, sociable nature of the Canadian model I offer were to be better known, it would beat the more familiar American model hands down. Spinoffs in the tourism industries have surely been well documented by other submissions to this committee.

For these reasons, I would recommend the immediate licensing of mini-casinos allowing the playing of poker with a small service fee. I pick up the rent just because I'm good, but a house ought to be able to charge \$5 a seat to pay for the lights. I'm forced to not take a rake-off and just pay the bills with what I win as a player, but I'm good enough to usually win between three and four units an hour.

Just think about that if you find a \$100 game and you're playing 50 hours a week. I can pick up the rent, but if I have only one table, I may not find a \$100 game. If I have 10 tables in my place with 100 gamblers, out of there you'll get 10 or 11 people capable of playing at the high stakes, allowing me to pick up the rent.

#### 1600

I would recommend the licensing of small poker mini-casinos, card casinos, and allow poker with a little service fee, blackjack or any other lawful games. All those honest underground poker games that have been running illegally in every Canadian city for as long as I'm sure anybody can remember should be allowed to come out into the open, register their wins or gains and pay their taxes. As a matter of fact, if you would come to me and say, "I've been convicted of running a gaming house three times, but the judge always said it was an honest game but I broke the law," I'd call that a recommendation. There are a lot of people out there who've been in the industry, who've been running honest poker games, like myself, who have criminal records. I've finally found a way to do it right, I hope. I'll prove it again.

All these games are honest. The gamblers will police the games themselves usually. Therefore you could sprout an instant industry almost overnight in every small town, so that, again, all the benefits of the money staying in the community would be there. Everywhere you could comfortably situate a billiard table should be a candidate for a poker or blackjack table: clubs, restaurants, racetracks. I think lots of gamblers would enjoy being able to have a poker game at the racetrack, being able to place their bets, like a keno runner, on the horses on the track, with the screens up there. I think the racetracks would be popular casinos.

Just like Circus Circus draws the people with the families in Vegas and other places have their attractions, I think the racetracks would be really solidified by adding a small or even a mid-size casino within their midst. I think people would stay there. I think they're just ideal situations. I don't think they should worry at all, as long as they're allowed to obtain licences on their own. It can only help their industry. There is already a large, talented underground industry out there, ready to sprout into existence beside any larger models with which to compete, and I don't think the larger models will complete.

Finally, government shouldn't be involved in which games players want to play or gamble at. Whatever the players choose should be marketable, and the guy who finds the way to market it in the most pleasant way is going to be the winner. I think it should be left up to private enterprise, and short of leaving the policing of cheats and things like that to the police, really I think these things could pop into existence almost overnight.

Again, any large ones you set up could be liable for large tumbles when the competition in other states do finally open up everywhere or if your neighbours across the border simply allow small casinos to go too. You have to have small casinos so that some will get knocked out, the rest will survive; otherwise, it looks like there could be some big falls, and I predict Windsor will be a big one if those Indians open their casino.

**The Chair:** Thank you very much for a very entertaining presentation. Very seriously, you offer some interesting ideas. Our time is quite limited, but I suspect that if we're given an opportunity to ask questions, you will have a lot to say in your responses.

**Mr Turmel:** I'll be quick.

**The Chair:** Oh, will you? That's great, sir. I wouldn't want to imply that you'd go on at length.

**Mr Turmel:** I ran in 33 elections with a one-minute constraint on average questions.

**The Chair:** Again, in all fairness, I offered 30 minutes, and we don't have a whole lot of time, but maybe because you're the last presenter today, we can offer just a little extra time. We'll start with Mr. Duignan.

**Mr Duignan:** We don't have any questions at this time.

**The Chair:** Mr Kwinter.

**Mr Kwinter:** Mr Turmel, I had breakfast with a former classmate of yours this morning, and he told me that you were coming and said that I would find you very interesting and entertaining, and he was certainly right. He also said something you may not agree with, but in his words, that you were a genius. From what you tell me about your ability to win at poker, which really funds all of these operations, just by winning, what happens if you get somebody who's better than you are and you don't win?

**Mr Turmel:** You see, that's not it. The essence of being a professional is—I have walked away from games. When they opened the games in Cornwall, I went for six months, made a huge killing. But I walk in there, there's a \$50 game, and I look and I see one, two, three, four sharks, four pros like myself, maybe just slightly not as good, because I have some pretty sophisticated mathematical tools, but still winners, guys who can expect to grind out. I look at the \$25 table where I see only one or two sharks, because even sharks think the big action's better. I'll pick the smaller table

because I know I can win more against less sharks. So sure, there can be a better player who will come up against me, but he can't beat me for very much, even if we were head-on. A better player might win 52 tournaments out of 100 and I might win 48, so the actual difference between skilful players isn't that substantial, but the difference between a winner and a loser is.

**Mr Kwinter:** The point I was trying to make is that without your proposal of having a service fee of whatever it is—

**Mr Turmel:** Five bucks an hour or something per seat.

**Mr Kwinter:** —yes, whatever it is so that you can finance this thing, you were able to run this only because you have the ability to finance it through your winnings.

**Mr Turmel:** That's right.

**Mr Kwinter:** Now, if you couldn't finance it through your winnings and you were at the mercy of the John Turmels who come to play—

**Mr Turmel:** You couldn't compete. As a matter of fact, if I don't win my case, I will break the Ottawa casino when it opens. Watch out; I'll have nowhere else to go.

**The Chair:** There goes the \$150 million in taxes.

**Mr Turmel:** Unless they bar me. I don't know what your position is on barring. In Las Vegas they barred me from two casinos and in Atlantic City they had other measures to cope with me. But I don't know if you've even contemplated how to cope with card counters. Are you going to eliminate my chance to gamble chez moi and also bar me from gambling in my home town? So it's an interesting problem, but better to have me on this side of the table than playing against the house, because I can win it faster.

**Mr Carr:** They may run you as an NDP candidate to get rid of you.

**Mr Turmel:** That's a cheap shot at the NDP, though. But no, I happen to be in a unique position where yes, I can use winnings to fund that kind of expense and have that large an operation.

But I also notice in Las Vegas that at the poker tables, not only was the house taking five bucks a pot and 150 bucks an hour, but the dealers were being tipped one, two, three bucks a pot, and that's why the employees make \$40,000 a year. That's why I reasoned that even if I don't take a rakeoff, the people still tip when they win, and guess what? The people are tipping the tip pool \$50 to \$70 an hour, and in a high-stakes game sometimes \$150 an hour.

Now, I don't touch that. All I can say is a pure tip industry could be created with poker paying \$40,000, \$50,000 a year, so basically those tips are very valuable. They actually provide more money to the dealers than



I provide in salary. I'd say tips are at least as much and maybe a little more. So it's not just me having to win it all, otherwise the dealers would be earning 20 grand a year. Actually, they're getting double with their tips.

Again, the competition's a kind of nice way, because those who serve them better and please the players better and offer nicer surroundings are the ones who are going to do better and keep the gamblers. So tips are also an important element in funding paycheques, and it's not just my gambling.

**Mr Phillips:** I appreciate your advice to us on the Windsor model. I don't know whether you've had a chance to look at it. I think it calls for roughly 12,000 visitors a day—

**Mr Turmel:** That's large.

**Mr Phillips:** —and I think a 20% fee from the province on the win plus profits. What's your view on the likelihood of success? I don't know whether you've had a chance to look at the model.

**Mr Turmel:** Only with respect to large versus small. I see that if there's competition on the American side, all Windsor's going to have is that 30% tax leverage, and if they ever eliminated that, then people would be staying on the American side. Most people who play small stakes will stay on the American side for sure, because the tax breaks—they don't hit you for a \$100 win at the cage. There's a certain threshold before they hit you with the 30% taxes, so small gamblers won't cross the river. This tax advantage is really only a lure to the high rollers in Detroit, and we all know who they might be. So I just don't think that can be the problem.

I think the largeness of the casino is a threat to the casino, and if they were rather to start a small strip of pleasant-type "Cheers with chips" to get it started with, even if the Indians did open, it might still survive, even if one or two go under. I think that small would be the way to try, but then again, it's not representative of what I'm experiencing in Ottawa or what I did in Toronto at all. It's a Detroit market, and it would be large and it would bring the same impersonal problems that the large ones do. Sure, the hookers would be hanging around the bars because there are no grandmothers saying, "I don't want my nephew hanging around her."

You can't believe how many times you have a whole family at the table. I mean, people come and they take a whole table, the whole family. So what used to go on in the kitchen now goes on out in another setting where there are more people they can socialize with. Once people get a taste of it, they're not going to go back to

the slot machines too much and things like that.

I think that starting small but spreading out the risk would be the better angle. But yet, having experienced no problems whatsoever in 15 months—and you can check with the Ottawa police: none—I would say here's the proof of the pudding that small can be done well.

Besides, there have been many small ones operating well across the country, since ever. We've just got to get them out and say: "You're legal now. You've been running a game for 20 years." I know these games in Ottawa—I used to go play at them—with a little rakeoff going to the guy, he makes a little bit, but we could have been busted. Yet he's an ideal candidate to come forward, open little shops, have three, four tables, get the wife making pasta in the back. They can compete, is what I'm saying.

Instead of having a few large gamblers get into large casinos, all sorts of little guys can set up. Literally tens of thousands of small entrepreneurs could be out there, you know? The mom-and-pop operations is where I would like to play. Large ones will be available for people looking for high stakes, because I figure if there are more tables, there are more likely to be high rollers there, so I'd check out there first. But if I know the high rollers are going to make an appointment to meet me here, I'd rather go have the great pasta too.

I think that the little entrepreneur's really got to be given a chance. There's a skilled underground out there right now. If you give them permission to come forward and pay their taxes, they'll be right out there and you'll see an expansion that'll go on and you'll see competition.

Five other guys opened up, and I'm sure that if I win my case and I reopen, one or two may go under but the others may be okay. Two of them are Chinese guys; well, odds are they might prefer to win or lose their money with Chinese owners than with me, even though I had 30 Chinese dealers. But who knows what reason they're going to want to choose to go there? I think they ought to have that option.

I've experienced no problems. The industry's ready to go. Just wave and we're off.

**The Chair:** If there are no further questions, I want to thank you again, Mr Turmel, for presenting before the committee.

**Mr Turmel:** Okay, thanks for the opportunity.

**The Chair:** This committee is adjourned until 10 am tomorrow in Niagara Falls.

The committee adjourned at 1613.





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**\*Sutherland, Kimble** (Oxford ND)

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Duignan, Noel (Halton North/-Nord ND) for Mr Sutherland

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